
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report Pursuant to
Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported):
March 29, 2019

CYCLERION THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation)

001-38787
(Commission File Number)

83-1895370
(I.R.S. Employer
Identification Number)

301 Binney Street
Cambridge, Massachusetts
(Address of principal
executive offices)

02142
(Zip code)

(857) 327-8778
(Registrant's telephone
number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company x

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

Item 1.01 Entry into a Material Definitive Agreement.

Agreements with Ironwood

On April 1, 2019, Ironwood Pharmaceuticals, Inc. (“Ironwood”) completed the previously announced separation of its soluble guanylate cyclase business, and certain other assets and liabilities, into a separate, independent publicly traded company by way of a pro-rata distribution of all of the outstanding shares of common stock of Cycleron Therapeutics, Inc. (the “Company”) through a dividend distribution of one share of the Company’s common stock, with no par value per share (“Common Stock”), for every 10 shares of Ironwood common stock held by Ironwood stockholders as of the close of business on March 19, 2019, the record date for the distribution (the entire transaction being the “Separation”). As a result of the Separation, the Company became an independent public company and commenced regular way trading under the symbol “CYCN” on the Nasdaq Global Select Market on April 2, 2019.

In connection with the Separation, on March 30, 2019, the Company entered into certain agreements with Ironwood to provide a framework for the Company’s relationship with Ironwood following the Separation, including, among others, the following agreements:

- Separation Agreement
- Tax Matters Agreement
- Employee Matters Agreement

In addition, in connection with the Separation, on April 1, 2019, the Company entered into a Development Agreement, an Ironwood Transition Services Agreement, a Cycleron Transition Services Agreement and an Intellectual Property License Agreement with Ironwood.

A summary of each of the foregoing agreements can be found in the section entitled “Certain Relationships and Related Person Transactions—Agreements with Ironwood” of the Information Statement, dated March 14, 2019 (the “Information Statement”), filed as Exhibit 99.1 to this Current Report on Form 8-K, and is incorporated into this Item 1.01 by reference. In addition, the descriptions of the foregoing agreements are qualified in their entirety by reference to the complete terms and conditions of those agreements, which are attached as Exhibits 2.1, 10.1, 10.2, 10.3, 10.4, 10.5 and 10.6, respectively, to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

Private Placement

The description of the Amended and Restated Common Stock Purchase Agreement included under Item 3.02 of this Current Report on Form 8-K is incorporated into this Item 1.01 by reference.

Leasing Arrangements

On April 1, 2019, the Company entered into a direct lease (the “Lease”) with BMR-Rogers Street LLC, the building landlord of its existing operating premises at 301 Binney Street in Cambridge, Massachusetts, consisting of approximately 114,000 rentable square feet of office and lab space on the first and second floors. The Lease is for a term of 123 months with two five-year extension options and certain expansion rights. The Lease includes a letter of credit of \$7,725,640 posted with the landlord as a security deposit. Cycleron has also entered into customary non-disturbance arrangements with the building landlord’s mortgagee and with the property ground lessor recognizing Cycleron’s leasehold interest at this property. As part of the Separation, certain improvements are being completed in the Company’s leased premises at 301 Binney Street. To accommodate the post-Separation completion of such improvements, on March 31, 2019, the Company entered into a short-term swing space sublease of approximately 24,000 rentable square feet in Ironwood’s remaining premises in the 301 Binney Street building to allow a portion of the Company’s employees to continue to operate while such improvements are completed. The sublease is for an initial one-month term with several one-month extension options. The Company is responsible for completing all work to separate the premises and to improve its directly leased premises.

The description of the Lease included in this Item 1.01 is qualified in its entirety by reference to the complete terms and conditions of the Lease, which is attached as Exhibit 10.14 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The description of the Separation included under Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 2.01 by reference.

Item 3.02. Unregistered Sales of Equity Securities.

On April 2, 2019, the Company issued 11,817,165 shares (“Private Placement Shares”) of Common Stock to accredited investors for aggregate cash consideration of \$175.0 million pursuant to the Amended and Restated Common Stock Purchase Agreement, dated February 25, 2019. The Amended and Restated Common Stock Purchase Agreement is attached as Exhibit 10.19 to Amendment No. 1 to the Company’s Registration Statement on Form 10, filed with the Commission on March 4, 2019 (File No. 001-38787) and incorporated into this Item 3.02 by reference.

The sale of the Private Placement Shares was exempt from registration pursuant to Rule 506 under the Securities Act of 1933, as amended. The Company’s reliance on this exemption included reliance on representations from each investor as to “accredited investor” status, investment for its own account, investment with no view toward distribution and the ability to bear the economic risk and complete loss of the investment.

Item 3.03. Material Modification to Rights of Security Holders.

The descriptions of the Restated Articles of Organization and Amended and Restated By-Laws (each as defined below) included under Item 5.03 of this Current Report on Form 8-K is incorporated into this Item 3.03 by reference.

Item 5.01. Changes in Control of Registrant.

Immediately prior to the Separation, the Company was a wholly owned subsidiary of Ironwood. Following completion of the Separation, the Company became an independent, publicly traded company, and Ironwood retains no ownership interest in the Company. The description of the Separation included under Item 1.01 of this Current Report on Form 8-K is incorporated into this Item 5.01 by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Directors

In connection with the Separation, William Huyett and Gina Consylman resigned from their positions as members of the Company’s board of directors (the “Board”). Effective upon the completion of the Separation, the Board increased the size of the Board from three to nine directors and appointed the following individuals (each, a “New Director”) to fill the resulting vacancies and to serve on the committees of the Board set forth opposite each director’s name:

| Name | Committee(s) |
|---|--|
| Peter M. Hecht, Ph.D. | N/A |
| Kevin Churchwell, M.D. | Compensation Committee |
| George Conrades | Audit Committee |
| Marsha Fanucci (previously a board member)* | Nominating and Corporate Governance Committee |
| Ole Isacson, M.D.-Ph.D. | Compensation Committee |
| Stephanie Lovell | Audit Committee |
| Terrance McGuire | Audit Committee; Nominating and Corporate Governance Committee |
| Michael Mendelsohn, M.D. | Nominating and Corporate Governance Committee |
| Amy Schulman | Compensation Committee |

*Ms. Fanucci, who prior to the Separation was, and remains, a member of the Board, stepped down from the Audit Committee and was appointed to the Nominating and Corporate Governance Committee upon the completion of the Separation.

In connection with, and on the effective date of, their appointment to the Board, each of Dr. Churchwell, Mr. Conrades, Dr. Isacson, Ms. Lovell and Dr. Mendelsohn were granted a restricted stock award under the Company's 2019 Equity Incentive Plan in an amount equal to 2,421 shares of Common Stock. These restricted stock awards will vest in full on May 30, 2019, subject to such New Director's continuing service to the Company through such date.

There is no arrangement or understanding between any New Director and any other person pursuant to which he or she was selected as a director. Except as disclosed in the Information Statement in the section entitled "Certain Relationships and Related Person Transactions," which is incorporated into this Item 5.02 by reference, no New Director is, or has been since January 1, 2018, a participant in any transaction involving the Company, and is not a participant in any proposed transaction with the Company, in each case, required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Appointment of Executive Officers

In connection with the Separation, the following individuals were elected to the positions as set forth in the table below:

| Name | Position |
|-----------------------|-------------------------|
| Peter M. Hecht, Ph.D. | Chief Executive Officer |
| Mark G. Currie, Ph.D. | President |
| William Huyett | Chief Financial Officer |

Biographical information for each of the executive officers named above can be found in the Information Statement under the section entitled "Management—Executive Officers," which is incorporated into this Item 5.02 by reference. In connection with the Separation, William Huyett resigned from his position as President of the Company and Gina Consylman resigned from her positions as Treasurer and Secretary of the Company. Except as disclosed in the Information Statement in the section entitled Certain Relationships and Related Person Transactions, none of Dr. Hecht, Dr. Currie or Mr. Huyett is, or has been since January 1, 2018, a participant in any transaction involving the Company, and is not a participant in any proposed transaction with the Company, in each case, required to be disclosed pursuant to Item 404(a) of Regulation S-K.

On April 1, 2019, the Company entered into offer letters with each of Dr. Hecht, Dr. Currie, and Mr. Huyett. Pursuant to these offer letters, Dr. Hecht will receive an initial base salary of \$100,000 per year, Dr. Currie will receive an initial base salary of \$500,000 per year, and Mr. Huyett will receive an initial base salary of \$485,000 per year. Each executive will have an individual bonus target of 50% of his base salary, subject to achievement of corporate goals. The description of the offer letters included in this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions of the offer letters, which are attached as Exhibits 10.11, 10.12 and 10.13, respectively, to this Current Report on Form 8-K and incorporated into this Item 5.02 by reference.

Executive Severance Arrangements

The Company entered into executive severance arrangements with each of Dr. Hecht, Dr. Currie, and Mr. Huyett, effective April 1, 2019. Each executive severance agreement provides that the executive is eligible to receive certain payments and benefits in the event of an involuntary termination without "cause" or a "constructive termination" within six months following the effective date of the executive severance agreement and enhanced payments and benefits in the event of a "change of control termination" within six months following the effective date of the agreement (each as defined in the executive severance agreement).

Severance Benefits not in Connection with a Change of Control

In the event of a termination without cause or a constructive termination not qualifying as a change of control termination, each of Dr. Hecht, Dr. Currie, and Mr. Huyett is entitled to receive (i) a lump-sum payment equal to 12 months of his base salary for the year of termination, plus an amount equal to a maximum of six months of his base salary for any period beginning as of the first anniversary during which he had not secured new, reasonably similar full-time employment (for Dr. Hecht, a lump-sum payment equal to 18 months of his base salary for the year of termination); (ii) a lump-sum payment equal to his target cash bonus for the year of termination, pro-rated based on the percentage of the year worked prior to the triggering event; (iii) a lump-sum payment equal to his actual bonus for the prior year if not yet paid as of the termination date; (iv) a lump-sum payment equal to his full target cash bonus for the year of termination (for Dr. Hecht, multiplied by 1.5); (v) 12 months of subsidized COBRA benefits, plus up to an additional six months of subsidized COBRA benefits for any period beginning as of the first anniversary during which he was not eligible to participate in the group

medical plan of another employer (for Dr. Hecht, 18 months of subsidized COBRA benefits); and (vi) outplacement assistance benefits.

In addition, each executive severance agreement provides that any outstanding equity awards subject solely to time-based vesting will vest as to (1) the portion of the equity award that would have vested if the executive had remained employed for 18 months (for Dr. Hecht, 24 months) following the termination date and (2) an additional portion of the equity award that would have vested on the next regular vesting date after such 18-month period (for Dr. Hecht, such 24-month period) as if the equity award vested on a daily basis from the last regular award vesting date occurring prior to the end of the 18-month period (for Dr. Hecht, the 24-month period) through such next regular vesting date. Any equity awards that do not vest pursuant to the preceding sentence would remain outstanding and eligible to vest upon the occurrence of a change of control termination (as defined below). Further, the exercisability of any outstanding vested stock options held by the executive as of the termination date (including any vested options to purchase Ironwood common stock that were granted prior to the Separation or by the Company in connection with the Separation in substitution for replacement of vested options to purchase Ironwood common stock) will be extended for 24 months (for Dr. Hecht, 36 months) following the termination date (or, in the event that the Company publicly announces it is conducting negotiations leading to a change of control or entered into a definitive agreement that would have resulted in a change of control during such 24-month period (for Dr. Hecht, such 36-month period), the later of (i) the expiration of the 24-month period (for Dr. Hecht, the 36-month period) or (ii) the first to occur of the date that is three months following the change of control and 30 days following the date on which the Company announces that such definitive agreement has been terminated or that the Company's efforts to consummate the change of control contemplated by the previously announced negotiations or by a previously executed definitive agreement have been abandoned).

Change of Control Severance Benefits

In the event of a change of control termination, each of Dr. Hecht, Dr. Currie, and Mr. Huyett is entitled to receive the following benefits under his executive severance agreement: (i) a lump-sum payment in an amount equal to 18 months (for Dr. Hecht, 24 months) of his base salary as of the time of termination; (ii) a lump-sum payment of his target cash bonus for the year of termination, pro-rated based on the percentage of the year worked prior to the triggering event; (iii) a lump-sum payment equal to his actual bonus for the prior year if not yet paid as of the termination date; (iv) a lump-sum payment equal to his full target cash bonus for the year of termination, multiplied by 1.5 (for Dr. Hecht, multiplied by 2.0); (v) 18 months (for Dr. Hecht, 24 months) of subsidized COBRA benefits; and (vi) outplacement assistance benefits.

In addition, in the event of a change of control termination, each executive severance agreement provides for acceleration of all outstanding equity awards subject solely to time-based vesting as of the later of (1) the termination date or (2) the change of control. Further, the exercisability of any outstanding vested stock options held by the executive as of the termination date (including any vested options to purchase Ironwood common stock that were granted prior to the Separation or by the Company in connection with the Separation in substitution for replacement of vested options to purchase Ironwood common stock) will be extended for 24 months (for Dr. Hecht, 36 months) following the termination date (or, if later the date that was three months following the change of control).

The benefits described above for Dr. Hecht, Dr. Currie, and Mr. Huyett are only payable if the executive complies with all of the Company's rules and policies, executes a separation agreement that includes a release of claims, and complies with his post-employment non-disclosure, non-competition and non-solicitation obligations. The executive severance agreements further provide that in connection with the sale of all or substantially all of the assets of the Company, the Company will cause the acquirer of such assets to assume the arrangements.

The foregoing description of the terms of the executive severance agreements does not purport to be a complete description and is qualified in its entirety by reference to the form of the agreement, which was attached as Exhibit 10.15 to the Company's Registration Statement on Form 10, filed with the Commission on January 28, 2019 (File No. 001-38787) and is incorporated by reference in its entirety into this Item 5.02.

Adoption of Compensation Plans

In connection with the Separation, the Board adopted and Ironwood, in its capacity as the sole shareholder of the Company prior to the Separation, approved, the following equity compensation plans: the Cycleron Therapeutics, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"), the Cycleron Therapeutics, Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan"), the Cycleron Therapeutics, Inc. Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan (the "2010 Equity Incentive Plan") and the Cycleron Therapeutics, Inc. Amended and Restated 2005 Stock Incentive Plan (the "2005 Stock Incentive Plan").

A summary of the principal terms of each of the ESPP and the 2019 Equity Incentive Plan is set forth in the Information Statement in the section entitled “Executive Compensation—2019 Compensation Plans,” which summary is incorporated into this Item 5.02 by reference. A summary of the principal terms of each of the 2010 Equity Incentive Plan and the 2005 Stock Incentive Plan is set forth in the Information Statement in the section entitled “Executive Compensation—2010 and 2005 Plans,” which summary is incorporated into this Item 5.02 by reference.

The summaries of the plans described in this Item 5.02 do not purport to be complete and are qualified in their entirety by reference to the full text of the applicable plan filed as Exhibits 10.7, 10.8, 10.9 and 10.10 to this Current Report on Form 8-K, which plans are incorporated into this Item 5.02 by reference.

Director Compensation

Each of the non-employee directors of the Company will receive compensation for service as a director or committee member in accordance with plans and programs more fully described in the Information Statement in the section entitled “Executive Compensation—Director Compensation,” which is incorporated into this Item 5.02 by reference.

Indemnification Agreements

In connection with the Separation, each of the executive officers named above and each of the Company’s directors will enter into an indemnification agreement with the Company substantially in the form attached as Exhibit 10.7 to the Company’s Registration Statement on Form 10, filed with the Commission on January 28, 2019 (File No. 001-38787).

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Effective March 29, 2019, each of the articles of organization of the Company (the “Restated Articles of Organization”) and the bylaws of the Company (the “Amended and Restated By-Laws”) were amended and restated. A description of the material provisions of the Restated Articles of Organization and the Amended and Restated Bylaws can be found in the Information Statement under the section entitled “Description of Cycleron’s Capital Stock,” which is incorporated into this Item 5.03 by reference. The description set forth under this Item 5.03 is qualified in its entirety by reference to the full text of the Restated Articles of Organization and the Amended and Restated Bylaws, which are included in this Current Report on Form 8-K as Exhibits 3.1 and 3.2, respectively.

Item 7.01. Regulation FD Disclosure.

On April 2, 2019, the Company issued a press release announcing the completion of the Separation and the launch of its operations as an independent company. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated into this Item 7.01 by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 2.1 | <u>Separation Agreement, dated as of March 30, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.*</u> |
| 3.1 | <u>Restated Articles of Organization of Cycleron Therapeutics, Inc. (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-8 filed on March 29, 2019 (File No. 333-230615))</u> |
| 3.2 | <u>Amended and Restated By-Laws of Cycleron Therapeutics, Inc. (incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-8 filed on March 29, 2019 (File No. 333-230615))</u> |
| 10.1 | <u>Transition Services Agreement, dated as of April 1, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.</u> |

10.2 [Transition Services Agreement, dated as of April 1, 2019, by and between Cycleron Therapeutics, Inc. and Ironwood Pharmaceuticals, Inc.](#)

10.3 [Tax Matters Agreement, dated as of March 30, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.](#)

10.4 [Employee Matters Agreement, dated as of March 30, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.](#)

10.5 [Development Agreement, dated as of April 1, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.](#)

10.6 [Intellectual Property License Agreement, dated as of April 1, 2019, by and between Ironwood Pharmaceuticals, Inc. and Cycleron Therapeutics, Inc.](#)

10.7 [Cycleron Therapeutics, Inc. 2019 Employee Stock Purchase Plan \(incorporated by reference to Exhibit 4.3 to Registration Statement on Form S-8 filed on March 29, 2019 \(File No. 333-230615\)\)](#)

10.8 [Cycleron Therapeutics, Inc. 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 4.4 to Registration Statement on Form S-8 filed on March 29, 2019 \(File No. 333-230615\)\)](#)

10.9 [Cycleron Therapeutics, Inc. Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan \(incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-8 filed on March 29, 2019 \(File No. 333-230615\)\)](#)

10.10 [Cycleron Therapeutics, Inc. Amended and Restated 2005 Stock Incentive Plan \(incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-8 filed on March 29, 2019 \(File No. 333-230615\)\)](#)

10.11 [Offer Letter, effective April 1, 2019, by and between Cycleron Therapeutics, Inc. and Peter M. Hecht, Ph.D.](#)

10.12 [Offer Letter, effective April 1, 2019, by and between Cycleron Therapeutics, Inc. and Mark G. Currie, Ph.D.](#)

10.13 [Offer Letter, effective April 1, 2019, by and between Cycleron Therapeutics, Inc. and William Huyett](#)

10.14 [Lease, dated April 1, 2019, by and between BMR-Rogers Street LLC and Cycleron Therapeutics, Inc.](#)

99.1 [Information Statement of Cycleron Therapeutics, Inc., dated March 14, 2019.](#)

99.2 [Press Release of Cycleron Therapeutics, Inc., dated April 2, 2019.](#)

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Cycleron hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cyclerion Therapeutics, Inc.

Dated: April 2, 2019

By: /s/ William Huyett

Name: William Huyett

Title: Chief Financial Officer

SEPARATION AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of March 30, 2019

SEPARATION AGREEMENT

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SEPARATION AGREEMENT

This SEPARATION AGREEMENT (this “Agreement”), dated as of March 30, 2019, is entered into by and between Ironwood Pharmaceuticals, Inc. (“Ironwood”), a Delaware corporation, and Cyclерion Therapeutics, Inc. (“Cyclерion”), a Massachusetts corporation and a wholly owned Subsidiary of Ironwood. “Party” or “Parties” means Ironwood or Cyclерion, individually or collectively, as the case may be. Each capitalized term used and not elsewhere defined herein has the meaning set forth in Section 1.1.

WITNESSETH:

WHEREAS, Ironwood, acting together with its Subsidiaries, currently conducts the New Ironwood Pharmaceutical Business and the Cyclерion Pharmaceutical Business;

WHEREAS, the Board of Directors of Ironwood (the “Board”) has determined that it is appropriate, desirable and in the best interests of Ironwood and its stockholders to separate Ironwood into two separate, publicly traded companies, one for each of (i) the New Ironwood Pharmaceutical Business, which shall be owned and conducted, directly or indirectly, by Ironwood and its Subsidiaries and (ii) the Cyclерion Pharmaceutical Business, which shall be owned and conducted, directly or indirectly, by Cyclерion and its Subsidiaries, if any (the “Separation”);

WHEREAS, as part of and to implement the Separation, Ironwood shall cause the Distribution Agent to issue pro rata to the Record Holders pursuant to the Distribution Ratio, all of the issued and outstanding shares of Cyclерion Common Stock (such issuance, the “Distribution”) on the terms and conditions set forth in this Agreement;

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and certain other agreements relating to the relationship of Ironwood and Cyclерion and their respective Subsidiaries following the Distribution;

WHEREAS, (i) the Board has (x) determined that the Separation and the other transactions contemplated by this Agreement and the Ancillary Agreements (as defined below) have a valid business purpose, are in furtherance of and consistent with its business strategy and are in the best interests of Ironwood and its stockholders and (y) approved this Agreement and each of the Ancillary Agreements and (ii) the board of directors of Cyclерion has approved this Agreement and each of the Ancillary Agreements to which Cyclерion is a party;

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of Ironwood and Cyclерion relating to the Separation and the Distribution, are being entered into together and would not have been entered into independently;

WHEREAS, it is the intention of the Parties that the Separation will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 and Section 368(a)(1)(D) of the Code; and

WHEREAS, this Agreement is intended to be a “plan of reorganization” within the meaning of Treas. Reg. Section 1.368-2(g).

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. General. As used in this Agreement, the following terms shall have the following meanings:

- (1) “Action” means any demand, action, claim, suit, countersuit, arbitration, inquiry, subpoena, case, litigation, proceeding or investigation (whether civil, criminal, administrative or investigative) by or before any court or grand jury, any Governmental Entity or any arbitration or mediation tribunal.
- (2) “Administrator” shall have the meaning set forth in Section 8.2(a).
- (3) “Affiliate” means, when used with respect to a specified Person and at a point in, or with respect to a period of, time, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person at such point in or during such period of time. For the purposes of this definition, “control”, when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by Contract or otherwise. It is expressly agreed that no Party or member of its Group shall be deemed to be an Affiliate of the other Party or a member of such other Party’s Group solely by reason of having common stockholders or one or more directors in common or by reason of having been under common control of Ironwood prior to the Distribution Effective Time.
- (4) “Agreement” shall have the meaning set forth in the Recitals.
- (5) “Ancillary Agreements” means the Transaction Agreements other than this Agreement, all Conveyancing and Assumption Instruments and any and all other agreements entered into by the Parties or members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation or the other transactions contemplated by the Transaction Agreements.
- (6) “Arbitrators” shall have the meaning set forth in Section 8.2(a).
- (7) “Assets” means all rights, title and ownership interests in and to all rights, properties, claims, Contracts, businesses, or assets (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible or intangible, whether accrued, contingent or otherwise, in each case, whether or not recorded or reflected on the books and records or financial statements of any Person. Except as otherwise specifically set forth

herein or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes (including any Tax items, attributes or rights to receive any Tax Refunds (as defined in the Tax Matters Agreement)) shall not be treated as Assets governed by this Agreement.

(8) “Assume” and “Assumption” shall have the respective meanings set forth in Section 2.2(a)(iii).

(9) “Base Cycleron Restricted Business” shall have the meaning set forth in Section 5.2(b)(ii).

(10) “Base Restricted Period” shall have the meaning set forth in Section 5.2(a).

(11) “Board” shall have the meaning set forth in the Recitals.

(12) “Business Day” means any day other than Saturday or Sunday and any other day on which commercial banking institutions located in New York, New York are required, or authorized by Law, to remain closed.

(13) “Change of Control” shall have the meaning set forth in Section 5.2(d).

(14) “Claiming Party” shall have the meaning set forth in Section 6.4(b).

(15) “Code” shall have the meaning set forth in the Tax Matters Agreement.

(16) “Commission” means the U.S. Securities and Exchange Commission.

(17) “Confidential Information” means, with respect to a Party, all confidential or proprietary information to the extent concerning: (i) such Party or any of its Subsidiaries, (ii) the Cycleron Pharmaceutical Business, any Cycleron Assets or any Cycleron Liabilities and (iii) the New Ironwood Pharmaceutical Business, any Ironwood Retained Assets or any Ironwood Retained Liabilities, in each case (clauses (i)-(iii)) including any such information furnished pursuant to Article VII or otherwise pursuant to this Agreement or any Ancillary Agreement; provided, however, that “Confidential Information” shall not include any information that is (i) in the public domain or known to the public through no fault of the receiving Party or any of its Subsidiaries, (ii) lawfully acquired after the Distribution Effective Time by the receiving Party or any of its Subsidiaries from Third Parties not known to be subject to confidentiality obligations with respect to such information or (iii) independently developed by the receiving Party or any of its Subsidiaries after the Distribution Effective Time without reference to any Confidential Information of the disclosing Party or any of its Subsidiaries. For the avoidance of doubt, subject to the foregoing proviso, any information that Cycleron receives from any Third Party to a Third Party Agreement retained by any member of the Ironwood Group regarding Ironwood’s technology, products, business or objectives shall be deemed to be Confidential Information of Ironwood. All confidential or proprietary information to the extent concerning the Cycleron Pharmaceutical Business, any Cycleron Assets or any Cycleron Liabilities is hereby deemed to be part of Cycleron’s, but not Ironwood’s, Confidential Information. All confidential or proprietary information to the extent concerning the New Ironwood Pharmaceutical Business,

any Ironwood Retained Assets or any Ironwood Retained Liabilities is hereby deemed to be part of Ironwood's, but not Cycleron's, Confidential Information.

(18) "Consents" means any consents, waivers, notices, reports or other filings to be obtained from or made, including with respect to any Contract, or any registrations, licenses, permits, authorizations to be obtained from, or approvals from, or notification requirements to, any Third Parties, including any Governmental Entity.

(19) "Continuing Directors" shall have the meaning set forth in Section 5.2(d).

(20) "Contract" means any agreement, contract, subcontract, obligation, binding understanding, note, indenture, instrument, option, lease, promise, arrangement, release, warranty, license, sublicense, insurance policy, benefit plan, purchase order or legally binding commitment or undertaking of any nature (whether written or oral and whether express or implied).

(21) "Conveyancing and Assumption Instruments" means, collectively, the various Contracts (other than any Transaction Agreement) by and between or among any member(s) of the Ironwood Group, on the one hand, and any member(s) of the Cycleron Group, on the other hand, including related local asset transfer agreements or intellectual property assignment agreements and other documents entered into prior to the Distribution Effective Time and to be entered into, in each case to effect the Transfer of Assets and the Assumption of Liabilities in the manner contemplated by the Transaction Agreements, in such form or forms as the applicable parties thereto agree.

(22) "Copyrights" shall have the meaning set forth in Section 1.1(67).

(23) "Cycleron" shall have the meaning set forth in the Recitals.

(24) "Cycleron Assets" means the following, but in each case excluding the Excluded Assets:

(i) all interests in the capital stock of, or any other equity interests in, the members of the Cycleron Group held, directly or indirectly, by Ironwood immediately prior to the Distribution Effective Time (other than the capital stock of Cycleron);

(ii) all Intellectual Property that is exclusively related to the Cycleron Pharmaceutical Business, including the Intellectual Property identified on Schedule 1.1(24)(ii);

(iii) all Trademarks that are exclusively related to Cycleron (hereafter, "Cycleron Trademarks"), including the Cycleron Trademarks identified on Schedule 1.1(24)(iii);

(iv) any and all Assets that are expressly assigned by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets which have been or are to be retained by, or Transferred to, any member of the Cycleron Group, including

any and all cash and cash equivalents expressly assigned to Cyclерion pursuant to Section 2.11:

(v) any and all Assets reflected on either (a) the Cyclерion Balance Sheet (including accounts receivable outstanding as of the Distribution Date but excluding cash and cash equivalents, the allocation of which shall be governed by Section 2.11) or (b) the accounting records supporting such balance sheet, subject to any dispositions of any of such Assets subsequent to the date of the Cyclерion Balance Sheet; provided that the amounts set forth on the Cyclерion Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Cyclерion Assets pursuant to this clause (v);

(vi) any and all Assets acquired by or for any member of the Cyclерion Group subsequent to the date of the Cyclерion Balance Sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on the Cyclерion Balance Sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of the Cyclерion Balance Sheet, it being understood that the Cyclерion Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Cyclерion Assets pursuant to this clause (vi);

(vii) all rights, interests and claims of either Party or any of its Subsidiaries as of the Distribution Effective Time to the Cyclерion Product Candidates, including all rights and claims of either Party or any of its Subsidiaries as of the Distribution Effective Time to all compound, discovery, development, in vitro and preclinical data; clinical study data; reports and analyses; product registrations and applications; and marketing registrations and applications (which shall include all United States Food and Drug Administration and other similar regulatory approvals and licenses related to, and all related applications and other information submitted for the purposes of or prepared in connection with obtaining the approval for, a Cyclерion Product Candidate), to the extent related to the Cyclерion Product Candidates;

(viii) all rights, interests and claims of either Party or any of its Subsidiaries as of the Distribution Effective Time to the Cyclерion Discovery Programs, including all rights and claims of either Party or any of its Subsidiaries as of the Distribution Effective Time to all compound, discovery, development, in vitro and preclinical data; and reports and analyses, to the extent related to the Cyclерion Discovery Programs;

(ix) all Contracts to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, in each case, as of immediately prior to the Distribution Effective Time exclusively related to the Cyclерion Pharmaceutical Business and any rights or claims arising thereunder, including the Contracts listed on Schedule 1.1(24)(ix);

(x) the portion of any Shared Contract that relates to the Cyclерion Pharmaceutical Business;

(xi) all transferable licenses, permits, registrations, approvals, designations (including orphan drug designations) and authorizations of either Party or any of the members of its Group as of immediately prior to the Distribution Effective Time which have been issued by any Governmental Entity and which relate exclusively to, or are used exclusively in, the Cyclерion Pharmaceutical Business or the Cyclерion Assets, and any rights or claims arising thereunder;

(xii) all rights, claims, credits, causes of action or rights of set-off against Persons other than members of the Ironwood Group relating exclusively to the Cyclерion Pharmaceutical Business or the Cyclерion Assets, including unliquidated rights under Third Party manufacturers' and vendors' warranties;

(xiii) to the extent in the possession of any member of the Ironwood Group or the Cyclерion Group immediately prior to the Distribution Effective Time (and other than Intellectual Property), whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, digitally or any other form, or stored on remote servers accessed from the Internet, (A) all business records to the extent exclusively related to the Cyclерion Assets or Cyclерion Liabilities; (B) all of the separate financial and property Tax records of the members of the Cyclерion Group that do not form part of the general ledger of any member of the Ironwood Group; (C) all other books, records, ledgers, files, documents, correspondence, lists, plats, drawings, photographs, product literature, equipment test records, advertising and promotional materials, distribution lists, customer lists, supplier lists, studies, reports, operating, production and other manuals, manufacturing and quality control records and procedures, research and development files, accounting and business books (including the accounting records prepared in connection with the preparation of Cyclерion's financial information included in the Information Statement or any subsequent filings or financial periods through the Distribution Date), records, files, documentation and materials, in all cases to the extent exclusively related to the Cyclерion Pharmaceutical Business; and (D) copies of any Ironwood templates and form documents used in the operation of the Cyclерion Pharmaceutical Business (collectively, the "Cyclерion Records"); provided, however, that: (x) Ironwood shall be entitled to retain a copy of any and all Cyclерion Records; (y) Ironwood shall be entitled to retain any materials in clauses (A) and (C) that are not reasonably practicable to identify and extract subject to the right of access pursuant to Section 7.3, as determined in Ironwood's commercially reasonable discretion; and (z) Ironwood shall be entitled to redact any portion of the Cyclерion Records to the extent related to any matter other than the Cyclерion Pharmaceutical Business; provided, however, that such retained materials shall be deemed Confidential Information of Cyclерion and subject to the provisions of Section 7.6;

(xiv) the Assets listed or described on Schedule 1.1(24)(xiv) (which for the avoidance of doubt is not a comprehensive listing of all Cyclерion Assets and is not intended to limit other clauses of this definition of "Cyclерion Assets");

(xv) the facilities and other real property listed or described on Schedule 1.1(24)(xv);

(xvi) all tangible equipment (including information technology, equipment and machinery), infrastructure, wires, supplies and other tangible property that is owned by, leased to or licensed to Ironwood or any of its Subsidiaries immediately prior to the Distribution Effective Time and exclusively related to the Cyclерion Pharmaceutical Business, including the tangible Assets listed or described on Schedule 1.1(24)(xvi);

(xvii) any and all other Assets that relate exclusively to or are used exclusively in the Cyclерion Pharmaceutical Business or exclusively related to a Cyclерion Asset that are held by the Cyclерion Group or the Ironwood Group immediately prior to the Distribution Effective Time; and

(xviii) any and all other Assets that were inadvertently omitted or assigned that, had the Parties given specific consideration to such Assets as of the date of this Agreement, would have otherwise been classified as Cyclерion Assets based on the principles set forth in this Section 1.1(24); provided, that no Asset shall be a Cyclерion Asset solely as a result of this clause (xviii) unless a claim with respect thereto is made by Cyclерion on or prior to the date that is eighteen (18) months after the Distribution Date.

Notwithstanding the foregoing or anything to the contrary herein, "Cyclерion Asset" shall not include any rights or interests in or to any Intellectual Property except to the extent set forth in clause (ii) of this Section 1.1(24) (including Schedule 1.1(24)(ii)).

(25) "Cyclерion Balance Sheet" means the pro forma balance sheet of the Cyclерion Group, including the notes thereto, as of September 30, 2018, as prepared in accordance with generally accepted accounting principles in the United States and Rule 11-02 of Regulation S-X, and included in the Information Statement.

(26) "Cyclерion Claim" shall have the meaning set forth in Section 6.2.

(27) "Cyclерion Common Stock" means the common stock of Cyclерion, no par value.

(28) "Cyclерion Designees" means any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Cyclерion and that will be members of the Cyclерion Group as of immediately prior to the Distribution Effective Time.

(29) "Cyclерion Discovery Programs" shall have the meaning set forth in Section 1.1(33).

(30) "Cyclерion Group" means (a) Cyclерion and any entity that is a Subsidiary of Cyclерion or will be a Subsidiary of Cyclерion immediately following the Distribution Effective Time and (b) on and after the Distribution Effective Time, Cyclерion and any entity that is a Subsidiary of Cyclерion. For clarity, members of the Cyclерion Group party to any Conveyancing and Assumption Instrument shall be a Cyclерion Designee for purposes of this Agreement.

(31) “Cyclerion Indemnitees” means the members of the Cyclerion Group and their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, each of the heirs, executors, administrators, successors and assigns of any of the foregoing.

(32) “Cyclerion Liabilities” means, without duplication, but in each case excluding the Excluded Liabilities:

(i) any and all Liabilities to the extent relating to, arising out of or resulting from the conduct of the Cyclerion Pharmaceutical Business, as conducted at any time, including prior to, at or after the Distribution Effective Time (including any Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority) of the Cyclerion Group or the Ironwood Group);

(ii) any and all Liabilities to the extent relating to, arising out of or resulting from the conduct of any business by any member of the Cyclerion Group at any time after the Distribution Effective Time (including any Liability to the extent relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority) of the Cyclerion Group);

(iii) any and all Liabilities to the extent relating to, arising out of or resulting from any Cyclerion Asset, whether arising before, on or after the Distribution Effective Time;

(iv) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be Assumed or retired or satisfied by any member of the Cyclerion Group;

(v) any and all Liabilities reflected on the Cyclerion Balance Sheet or the accounting records supporting such balance sheet and any and all Liabilities incurred by or for Cyclerion or any member of the Cyclerion Group or Ironwood Group subsequent to the date of the Cyclerion Balance Sheet which, had they been so incurred on or before such date, would have been reflected on the Cyclerion Balance Sheet if prepared on a consistent basis, subject to any discharge of any of such Liabilities subsequent to the date of the Cyclerion Balance Sheet; it being understood that (A) the Cyclerion Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Cyclerion Liabilities pursuant to this clause (v); and (B) the amounts set forth on the Cyclerion Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Cyclerion Liabilities pursuant to this clause (v);

(vi) any and all Liabilities to the extent relating to, arising out of or resulting from the development of Cyclerion Product Candidates prior to the Distribution Effective Time by any member of the Cyclerion Group or the Ironwood Group;

(vii) the Liabilities listed or described on Schedule 1.1(32)(vii);

(viii) any and all Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statement therein not misleading, with respect to all information contained in the Distribution Disclosure Documents, except to the extent specifically enumerated in clause (ii) of the definition of “Excluded Liabilities”;

(ix) any and all Liabilities arising directly or indirectly from Actions to the extent relating to the Cyclerion Assets, the Cyclerion Pharmaceutical Business or any Cyclerion Liability, including in respect of any alleged tort, breach of Contract, violation or noncompliance with Law or any licenses, permits, registrations, approvals and authorizations, whether arising prior to, on or after the Distribution Date; and

(x) any and all other Liabilities that are held by the Cyclerion Group or the Ironwood Group immediately prior to the Distribution Effective Time that were inadvertently omitted or assigned that, had the Parties given specific consideration to such Liabilities as of the date of this Agreement, would have otherwise been classified as a Cyclerion Liability based on the principles set forth in this Section 1.1(32); provided, that no Liability shall be a Cyclerion Liability solely as a result of this clause (x) unless a claim with respect thereto is made by Ironwood or Cyclerion on or prior to the date that is eighteen (18) months after the Distribution Date.

(33) “Cyclerion Pharmaceutical Business” means: (i) the business, operations and activities conducted at any time prior to the Distribution Effective Time by either Party or any of its Subsidiaries to the extent relating to, arising out of or resulting from the Cyclerion Product Candidates (including the discovery, research and development of such Cyclerion Product Candidates worldwide) or similar to the services to be provided under the Development Agreement; and (ii) the business, operations and activities conducted at any time prior to the Distribution Effective Time by or on behalf of either Party or any of its Subsidiaries to the extent related to the discovery, research and development projects listed and described on Schedule 1.1(33), including the operations and activities of any member of the Cyclerion Group conducted prior to the Distribution Effective Time relating to the foregoing (such business operations and activities referred to in this clause (ii), “Cyclerion Discovery Programs”).

(34) “Cyclerion Product Candidates” means the products described on Schedule 1.1(34).

(35) “Cyclerion Records” shall have the meaning set forth in Section 1.1(24)(xiii).

(36) “Cyclerion Released Liabilities” shall have the meaning set forth in Section 6.1(a)(ii).

- (37) “Cyclerion Restricted Businesses” shall have the meaning set forth in Section 5.2(b)(iii).
- (38) “Cyclerion Trademarks” shall have the meaning set forth in Section 1.1(24)(iii).
- (39) “Cyclerion Transition Services Agreement” means the Transition Services Agreement by and between Ironwood and Cyclerion under which Cyclerion will provide certain services to Ironwood, in the form attached hereto as Exhibit E-1.
- (40) “Development Agreement” means the Development Agreement by and between Ironwood and Cyclerion, in the form attached hereto as Exhibit C.
- (41) “Direct Claim” shall have the meaning set forth in Section 6.4(a)(ii).
- (42) “Dispute Notice” shall have the meaning set forth in Section 8.1.
- (43) “Disputes” shall have the meaning set forth in Section 8.1.
- (44) “Distribution” shall have the meaning set forth in the Recitals.
- (45) “Distribution Agent” means Computershare Trust Company, N.A.
- (46) “Distribution Date” means the date, as shall be determined by the Board, on which the Distribution occurs.
- (47) “Distribution Disclosure Documents” means the Form 10 and all exhibits thereto (including the Information Statement), any current reports on Form 8-K and the registration statement on Form S-8 related to securities to be offered under Cyclerion’s employee benefit plans, in each case as filed or furnished by Cyclerion with or to the Commission in connection with the Distribution and including any amendments or supplements thereto.
- (48) “Distribution Effective Time” means 12:01 a.m. on April 1, 2019, Eastern time, on the Distribution Date.
- (49) “Distribution Ratio” means one (1) share of Cyclerion Common Stock for every ten (10) shares of Ironwood Common Stock.
- (50) “Employee Matters Agreement” means the Employee Matters Agreement by and between Ironwood and Cyclerion, in the form attached hereto as Exhibit A.
- (51) “Exchange Act” means the Securities Exchange Act of 1934.
- (52) “Excluded Assets” means: (i) the Assets listed or described on Schedule 1.1(52); (ii) all cash and cash equivalents, except to the extent expressly assigned to the Cyclerion Group pursuant to Section 2.11; (iii) subject to the rights of the Cyclerion Group pursuant to Article IX, all Policies binders and claims and rights thereunder and all prepaid insurance premiums (other than any insurance policies acquired prior to the Distribution Effective Time directly by and in the name of Cyclerion or a member of the Cyclerion Group); (iv) any and all work papers of

Ironwood's auditors, excluding the accounting records prepared in connection with the preparation of Cycleron's financial information included in the Information Statement or any subsequent filings or financial periods through the Distribution Date, and any other Tax records (including accounting records, other than the accounting records prepared in connection with the preparation of the financial information included in the Information Statement or any subsequent filings or financial periods through the Distribution Date) of any Ironwood Group member (which will be addressed in the Tax Matters Agreement), excluding all Ironwood templates and form documents used in the operation of the Cycleron Pharmaceutical Business; and (v) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets which have been or are to be retained by, or Transferred to, any member of the Ironwood Group.

(53) "Excluded Liabilities" means (i) the Liabilities listed or described on Schedule 1.1(53)(i); (ii) with respect to all information contained in the Distribution Disclosure Documents, any and all Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statement therein not misleading described in the sections of the Distribution Disclosure Documents referenced on Schedule 1.1(53)(i); and (iii) any and all Liabilities to the extent expressly contemplated by this Agreement or by any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be Assumed or discharged by any member of the Ironwood Group.

(54) "Extended Cycleron Restricted Business" shall have the meaning set forth in Section 5.2(b)(i).

(55) "Extended Restricted Period" shall have the meaning set forth in Section 5.2(b)(i).

(56) "Form 10" means the registration statement on Form 10 (Registration No. 001-38787) filed by Cycleron with the Commission under the Exchange Act in connection with the Distribution, including any amendment or supplement thereto.

(57) "GI Indications" shall have the meaning set forth in Section 5.2(b)(i).

(58) "Governmental Authority" means any supranational, international, national, federal, state, provincial or local court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority, including the NYSE and any similar self-regulatory body under applicable securities Laws.

(59) "Governmental Entity" means any nation or government, any state, municipality or other political subdivision thereof and any entity, body, agency, commission, department, board, bureau or court, whether domestic, foreign, multinational, or supranational exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government and any executive official thereof.

(60) "Group" means (a) with respect to Ironwood, the Ironwood Group and (b) with respect to Cycleron, the Cycleron Group, as the context requires.

(61) “Indemnifiable Losses” means any and all Liabilities, including damages, losses, obligations, penalties, judgments, settlements, claims, payments, fines and other costs and expenses (but excluding consequential, punitive, incidental and similar damages except to the extent paid to a third party) of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the reasonable fees and expenses of attorneys, accountants, consultants and other professionals incurred in the investigation or defense thereof or the enforcement of rights hereunder.

(62) “Indemnifying Party” means, with respect to any Direct Claim or Third Party Claim, the Party which is or may be required pursuant to Article VI to provide indemnification pursuant to such claim.

(63) “Indemnitee” means, with respect to any Direct Claim or Third Party Claim, the Ironwood Indemnitee or Cycleron Indemnitee, as the case may be, that may be entitled to indemnification hereunder with respect to such claim.

(64) “Indemnity Payment” shall have the meaning set forth in Section 6.5(a).

(65) “Information Statement” means the Information Statement attached as Exhibit 99.1 to the Form 10, to be distributed or made available to the holders of shares of Ironwood Common Stock in connection with the Distribution, including any amendment or supplement thereto.

(66) “Insurance Proceeds” means those monies (a) received by an insured from a Third Party insurance carrier or (b) paid by a Third Party insurance carrier on behalf of an insured, in either case net of any applicable deductible or retention.

(67) “Intellectual Property” means all intellectual property, whether registered or unregistered and whether granted, pending or expired, of every kind and description throughout the world, including all U.S. and non-U.S.: (i) trademarks, trade dress, service marks, certification marks, logos, slogans, design rights, names, corporate names, trade names, internet domain names, social media accounts and addresses and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing (collectively, “Trademarks”); (ii) patents and patent applications, and any and all related national or international counterparts thereto and utility models, including any provisionals, divisionals, continuations, continuations-in-part, reissues, reexaminations, substitutions and extensions thereof (including supplementary protection certificates) (collectively, “Patents”); (iii) copyrights and copyrightable subject matter, excluding Know-How (collectively, “Copyrights”); (iv) rights in software and computer systems; (v) all applications and registrations for the foregoing; (vi) trade secrets, and all other confidential or proprietary information, know-how, clinical data, non-clinical data, pre-clinical data, in vitro data, inventions, processes, formulae and methodologies, excluding Patents (collectively, “Know-How”); and (vii) all rights and remedies against past, present, and future infringement, misappropriation, or other violation thereof.

(68) “Intercompany Account” means any receivable, payable or loan between any member of the Ironwood Group, on the one hand, and any member of the Cycleron Group, on

the other hand, except for any such receivable, payable or loan that arises pursuant to this Agreement or any Ancillary Agreement.

(69) “IP License Agreement” means the Intellectual Property License Agreement by and between Ironwood and Cycleron, in the form attached hereto as Exhibit B.

(70) “Ironwood” shall have the meaning set forth in the Recitals.

(71) “Ironwood Claim” shall have the meaning set forth in Section 6.3.

(72) “Ironwood Common Stock” means the Class A common stock, par value \$0.001 per share, of Ironwood.

(73) “Ironwood Designees” shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by Ironwood and that will be members of the Ironwood Group as of immediately prior to the Distribution Effective Time. For clarity, members of the Ironwood Group party to any Conveyancing and Assumption Instrument shall be an Ironwood Designee for purposes of this Agreement.

(74) “Ironwood Group” means (a) prior to the Distribution Effective Time, Ironwood and each entity that will be a Subsidiary of Ironwood immediately following the Distribution Effective Time and (b) from and after the Distribution Effective Time, Ironwood and each entity that is a Subsidiary of Ironwood.

(75) “Ironwood Indemnitees” means the members of the Ironwood Group and their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, administrators, successors and assigns of any of the foregoing.

(76) “Ironwood Released Liabilities” shall have the meaning set forth in Section 6.1(a)(i).

(77) “Ironwood Restricted Business” shall have the meaning set forth in Section 5.2(a).

(78) “Ironwood Retained Assets” means (i) any and all Assets of Ironwood or any of its Subsidiaries that are not Cycleron Assets and, after the Distribution Effective Time, any and all Assets that are acquired or otherwise become Assets of any member of the Ironwood Group and (ii) any Assets that are held by the Cycleron Group or the Ironwood Group immediately prior to the Distribution Effective Time not exclusively related to the Cycleron Pharmaceutical Business that were inadvertently omitted or assigned that, had the Parties given specific consideration to such Assets as of the date of this Agreement, would have otherwise been classified as an Ironwood Retained Asset based on the principles set forth in this Section 1.1(78); provided, that no Asset shall be an Ironwood Retained Asset solely as a result of this clause (ii) unless a claim with respect thereto is made by Ironwood on or prior to the date that is eighteen (18) months after the Distribution Date. For clarity, Ironwood Retained Assets shall include all Excluded Assets.

(79) “Ironwood Retained Liabilities” means (i) all Liabilities of Ironwood or any of its Subsidiaries that are not Cyclerion Liabilities, and, after the Distribution Effective Time, all Liabilities of each member of the Ironwood Group and (ii) any and all other Liabilities of Ironwood or any of its Subsidiaries immediately prior to the Distribution Effective Time that were inadvertently omitted or assigned that, had the Parties given specific consideration to such Liabilities as of the date of this Agreement, would have otherwise been classified as an Ironwood Retained Liability based on the principles set forth in this Section 1.1(79); provided, that no Liability shall be an Ironwood Retained Liability solely as a result of this clause (ii) unless a claim with respect thereto is made by Ironwood or Cyclerion on or prior to the date that is eighteen (18) months after the Distribution Date. For clarity, Ironwood Retained Liabilities shall include all Excluded Liabilities.

(80) “Ironwood Transition Services Agreement” means the Transition Services Agreement by and between Ironwood and Cyclerion under which Ironwood will provide certain services to Cyclerion, in the form attached hereto as Exhibit E-2.

(81) “Know-How” shall have the meaning set forth in Section 1.1(67).

(82) “Law” means any applicable U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, income tax treaty, order, requirement or rule of law (including common law) or other binding directives promulgated, issued, entered into or taken by any Governmental Entity.

(83) “Liabilities” means any and all indebtedness, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, Action, or in connection with any dispute, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto. Except as otherwise specifically set forth herein or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes shall not be treated as Liabilities governed by this Agreement.

(84) “NASDAQ” means the Nasdaq Stock Market LLC.

(85) “New Ironwood Pharmaceutical Business” means those businesses, operations and activities of Ironwood or any of its Subsidiaries (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) other than the Cyclerion Pharmaceutical Business and, after the Distribution Effective Time, those entities or businesses acquired or established by or for any member of the Ironwood Group.

(86) “Patents” shall have the meaning set forth in Section 1.1(67).

(87) “Person” mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Entity.

- (88) “Policies” means insurance policies and insurance contracts of any kind (other than life and benefits policies or contracts), including primary, excess and umbrella policies, commercial general liability policies, fiduciary liability, directors and officers liability, product liability, automobile, property and casualty, workers’ compensation and employee dishonesty insurance policies and bonds, together with the rights, benefits and privileges thereunder.
- (89) “Prime Rate” means the “prime rate” as published in *The Wall Street Journal*, Eastern Edition.
- (90) “Privilege” means all privileges, immunities or other protections from disclosure which may be asserted under applicable Law, including attorney-client privilege, business strategy privilege, joint defense privilege, common interest privilege and protection under the work-product doctrine.
- (91) “Privileged Information” means information subject to Privilege.
- (92) “Record Date” means March 19, 2019, as determined by the Board as the record date for determining the holders of record of Ironwood Common Stock entitled to receive Cycleron Common Stock in the Distribution.
- (93) “Record Holders” means the holders of record of Ironwood Common Stock as of the Record Date.
- (94) “Registered” means issued by, registered or filed with, renewed by or the subject of a pending application before any Governmental Authority or internet domain name registrar.
- (95) “Representatives” means with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.
- (96) “Retained Names and Marks” shall have the meaning set forth in Section 5.4.
- (97) “Securities Act” means the Securities Act of 1933.
- (98) “Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-entry, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever, excluding restrictions on transfer under securities Laws.
- (99) “Separation” shall have the meaning set forth in the Recitals.
- (100) “Shared Contract” means the Contracts listed or described on Schedule 2.3(a).
- (101) “Shared Privileged Information” shall have the meaning set forth in Section 7.7(b).
- (102) “Subsidiary” means with respect to any Person (i) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or

indirectly owned by such Person and (ii) any other Person in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity or economic interest thereof or has the power to elect or direct the election of fifty percent (50%) or more of the members of the governing body of such Person.

(103) “Tax” or “Taxes” has the meaning set forth in the Tax Matters Agreement.

(104) “Tax Contest” has the meaning as set forth in the Tax Matters Agreement.

(105) “Tax Matters Agreement” means the Tax Matters Agreement by and between Ironwood and Cycleron, in the form attached hereto as Exhibit D.

(106) “Tax Returns” has the meaning set forth in the Tax Matters Agreement.

(107) “Third Party” means any Person other than the Parties or any of their respective Subsidiaries.

(108) “Third Party Agreements” means any Contract between or among a Party (or any member of its Group) and any Third Party (it being understood that to the extent that the rights and obligations of the Parties and the members of their respective Groups under any such Contracts constitute Cycleron Assets or Cycleron Liabilities, or Ironwood Retained Assets or Ironwood Retained Liabilities, such Contracts shall be assigned or retained pursuant to Article II).

(109) “Third Party Claim” shall have the meaning set forth in Section 6.4(b).

(110) “Third Party Proceeds” shall have the meaning set forth in Section 6.5(a).

(111) “Trademarks” shall have the meaning set forth in Section 1.1(67).

(112) “Transaction Agreement” means any of this Agreement, the Employee Matters Agreement, the IP License Agreement, the Development Agreement, the Tax Matters Agreement and the Transition Services Agreements.

(113) “Transfers” has the meaning set forth in Section 2.2(a)(i).

(114) “Transition Services Agreements” means, collectively, the Cycleron Transition Services Agreement and the Ironwood Transition Services Agreement, and each, individually, a “Transition Services Agreement.”

Section 1.2. References; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “include”, “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement

refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The words “written request” when used in this Agreement shall include email. Reference in this Agreement to any time shall be to Eastern time unless otherwise expressly provided herein. Unless the context requires otherwise, references in this Agreement to “Ironwood” shall also be deemed to refer to the applicable member of the Ironwood Group, references to “Cyclerion” shall also be deemed to refer to the applicable member of the Cyclerion Group and, in connection therewith, any references to actions or omissions to be taken, or refrained from being taken, as the case may be, by Ironwood or Cyclerion shall be deemed to require Ironwood or Cyclerion, as the case may be, to cause the applicable members of the Ironwood Group or the Cyclerion Group, respectively, to take, or refrain from taking, any such action. The word “or” shall not be exclusive. References to any “statute” or “regulation” are to such statute or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of any statute, include any rules and regulations promulgated under such statute) and to any “section of any statute or regulation” include any successor to such section. References to any Governmental Entity include any successor to such Governmental Entity, and references to any Affiliate include any successor to such Affiliate. Whenever the last day for the exercise of any right or the discharge of any duty under this Agreement falls on other than a Business Day, the Party having such right or duty shall have until the next Business Day to exercise such right or discharge such duty. Unless otherwise indicated, the word “day” shall be interpreted as a calendar day.

ARTICLE II

THE SEPARATION

Section 2.1. General. Subject to the terms and conditions of this Agreement, the Parties shall use, and shall cause their respective Subsidiaries to use, commercially reasonable efforts to consummate the transactions contemplated hereby, a portion of which may have already been implemented prior to the date hereof.

Section 2.2. Transfer of Assets; Assumption of Liabilities.

(a) Transfer of Assets and Assumption of Liabilities. Unless otherwise provided in this Agreement or in any Ancillary Agreement:

(i) Ironwood hereby contributes, assigns, transfers, conveys and delivers (“Transfers”) to Cyclerion, and Cyclerion hereby accepts from Ironwood, all of Ironwood’s direct or indirect right, title and interest in and to all Cyclerion Assets held by Ironwood or a member of the Ironwood Group; and

(ii) Cyclerion hereby Transfers to Ironwood, and Ironwood hereby accepts from Cyclerion, all of Cyclerion’s direct or indirect right, title and interest in and to all Ironwood Retained Assets held by Cyclerion or a member of the Cyclerion Group.

(iii) Assumption of Liabilities. (i) Ironwood hereby accepts, assumes (or, as applicable, retains) and shall perform, discharge and fulfill, in accordance with their respective terms (“Assume”; and “Assumption” shall have the correlative meaning),

all of the Ironwood Retained Liabilities and (ii) Cycleron hereby Assumes all of the Cycleron Liabilities, in each case regardless of (A) when or where such Liabilities arose or arise, (B) where or against whom such Liabilities are asserted or determined, (C) whether such Liabilities arise from or are alleged to arise from negligence, gross negligence, recklessness, violation of law, willful misconduct, bad faith, fraud or misrepresentation by any member of the Ironwood Group or the Cycleron Group, as the case may be, or any of their past or present respective directors, officers, employees, or agents, (D) which entity is named in any action associated with any Liability and (E) whether the facts on which such Liabilities are based occurred prior to, on or after the date hereof.

(b) The Parties shall use their respective commercially reasonable efforts to obtain the Consents required to Transfer any Contracts, licenses, permits, authorizations and other Assets as contemplated by this Agreement. Notwithstanding anything herein to the contrary, no Contract or other Asset shall be Transferred if it would violate applicable Law or, in the case of a Contract, the rights of any Third Party to such Contract; provided, that Section 2.6, to the extent provided therein, shall apply to such Asset or Contract.

(c) It is understood and agreed by the Parties that certain of the Transfers or Assumptions referenced in Section 2.2(a) have heretofore occurred and, as a result, no additional Transfers or Assumptions by any member of the Ironwood Group or Cycleron Group, as applicable, shall be deemed to occur upon the execution of this Agreement with respect thereto. Moreover, to the extent that any member of the Ironwood Group or Cycleron Group, as applicable, is liable for any Ironwood Retained Liability or Cycleron Liability, respectively, by operation of Law immediately following any Transfer in accordance with this Agreement or any Conveyancing and Assumption Instruments, there shall be no need for any other member of the Ironwood Group or Cycleron Group, as applicable, to Assume such Liability in connection with the operation of Section 2.2(a) and, accordingly, no other member of such Group shall Assume such Liability in connection with Section 2.2(a).

(d) In connection with, and in furtherance of, the Transfers of Assets and the Assumptions of Liabilities contemplated by this Agreement, the Parties shall execute or cause to be executed, on or after the date hereof by the appropriate entities to the extent not executed prior to the date hereof, any Conveyancing and Assumption Instruments necessary to evidence the valid Transfer to the applicable Party or member of such Party's Group of all right, title and interest in and to its accepted Assets and the valid and effective Assumption by the applicable Party or member of such Party's Group of its respective Liabilities for Transfers and Assumptions to be effected pursuant to Delaware Law, Massachusetts Law or the Laws of one of the other states of the United States or, if not appropriate for a given Transfer or Assumption, and for Transfers or Assumptions to be effected pursuant to non-U.S. Laws, in such form as the Parties shall reasonably agree.

(e) Ironwood hereby waives compliance by itself and each and every member of the Ironwood Group with the requirements and provisions of any "bulk-sale" or "bulk transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Ironwood Retained Assets to Ironwood or any member of the Ironwood Group.

(f) Cycleron hereby waives compliance by itself and each and every member of the Cycleron Group with the requirements and provisions of any “bulk-sale” or “bulk transfer” Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Cycleron Assets to Cycleron or any member of the Cycleron Group.

(g) Notwithstanding anything in this Section 2.2 to the contrary, no Ironwood Group member shall be required to undertake any action or arrangement contemplated by this Section 2.2 that would result in, or could reasonably be expected to result in, Tax treatment that is inconsistent with the conclusions set forth in the private letter ruling or opinion referenced in Section 4.5(c).

Section 2.3. Treatment of Shared Contracts.

(a) Unless the Parties otherwise agree or the benefits of any Contract described in this Section 2.3 are expressly conveyed to the applicable Party pursuant to an Ancillary Agreement, in the case of a Shared Contract, the Parties shall use commercially reasonable efforts to cause such Shared Contract to be: (i) assigned in relevant part to a member of the Cycleron Group (or to a member of the Ironwood Group if the contracting party is a member of the Cycleron Group) if so assignable; (ii) appropriately amended, prior to, on or after the Distribution Effective Time; or (iii) replaced or otherwise addressed with suitable arrangements, in each case so that each Party or its respective Subsidiaries shall be entitled to the rights and benefits and shall assume the related portion of any obligations and Liabilities inuring to their respective businesses; provided, however, that in no event shall either Party or its respective Subsidiaries be required to assign or amend any Shared Contract in its entirety or to assign a portion of any Shared Contract that is not assignable or cannot be amended by its terms (including any terms imposing Consents or conditions on an assignment where such Consents or conditions have not been obtained or fulfilled). If any Shared Contract cannot be so partially assigned, or cannot be amended, or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract and such Shared Contract is not replaced or otherwise addressed with suitable arrangements, Ironwood and Cycleron shall, and shall cause each member of their respective Groups to, take such other reasonable and permissible actions to cause (with the costs and expenses of any such actions following the Separation to be shared equally between the Parties): (A) the Assets associated with that portion of each Shared Contract that relates to the Cycleron Pharmaceutical Business to be enjoyed by a member of the Cycleron Group; (B) the Liabilities associated with that portion of each Shared Contract that relates to the Cycleron Pharmaceutical Business to be borne by a member of the Cycleron Group; (C) the Assets associated with that portion of each Shared Contract that relates to the New Ironwood Pharmaceutical Business to be enjoyed by a member of the Ironwood Group; and (D) the Liabilities associated with that portion of each Shared Contract that relates to the New Ironwood Pharmaceutical Business to be borne by a member of the Ironwood Group.

(b) Except for payments required in accordance with the performance of the applicable Shared Contract, nothing in this Section 2.3 shall obligate either Party or any member of its Group to make any payment, incur any Liability or offer or grant any accommodation for the benefit of the other Party or any member of the other Party’s Group, in each case, in order to effect any transaction (other than the pass-through of rewards and burdens of the applicable portions of the Shared Contracts in accordance with this Section 2.3) (except to the extent

advanced, assumed or agreed in advance to be reimbursed by the other Party or any member of the other Party's Group).

(c) Each of Ironwood and Cycleron shall, and shall cause the members of its Group to, (A) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party as of the Distribution Effective Time and (B) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest).

Section 2.4. Intercompany Accounts. Each Intercompany Account which exists and is reflected immediately prior to the Distribution Effective Time in any general ledger account or other records of Ironwood, Cycleron or any of their respective Affiliates, shall be: (a) closed as of the Distribution Effective Time and satisfied or settled within thirty (30) days following the Distribution Date by the relevant members of the Ironwood Group and the Cycleron Group by (i) one or a related series of distributions of or contributions to capital, (ii) payment by the relevant obligor to the relevant obligee or (iii) dividends or a combination of the foregoing, in each case as determined by Ironwood or (b) otherwise terminated effective as of the Distribution Effective Time. The parties hereby agree that the Intercompany Accounts shall be settled, as applicable, as described on Schedule 2.4. For the avoidance of doubt, the obligation to satisfy, settle or terminate Intercompany Accounts shall survive the Distribution Effective Time.

Section 2.5. Limitation of Liability. Except as provided in this Section 2.5 and in Article VI, neither Ironwood nor Cycleron nor any member of their respective Groups shall have any Liability to the other or any member of the other Party's Group based upon, arising out of or resulting from any agreement, arrangement, course of dealing or understanding existing on or prior to the Distribution Effective Time other than pursuant to (i) this Agreement or any Ancillary Agreement, (ii) any Contract or arrangement listed or described on Schedule 2.5; (iii) any Third Party Agreement; or (iv) any other Contract or agreement entered into in connection with the consummation of the transactions contemplated by the Transaction Agreements, and any such Liability, whether or not in writing, that is not reflected in any of the foregoing, is hereby irrevocably cancelled, released and waived effective as of the Distribution Effective Time. No such terminated agreement, arrangement, course of dealing or understanding (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Distribution Effective Time.

Section 2.6. Transfers Not Effected at or Prior to the Distribution Effective Time; Transfers Deemed Effective as of the Distribution Effective Time.

(a) If and to the extent that the valid, complete and perfected Transfer to the Cycleron Group of any Cycleron Asset or Assumption by the Cycleron Group of any Cycleron Liability, in each case contemplated hereby, would be a violation of applicable Law or require any Consent in connection with the Separation that has not been obtained or made by the Distribution Effective Time then, unless the Parties mutually shall otherwise agree, the Transfer to the Cycleron Group of such Cycleron Assets or the Assumption by the Cycleron Group of such Cycleron Liabilities, as the case may be, shall be automatically deemed deferred and any such purported Transfer or Assumption shall be null and void until such time as all legal

impediments are removed or such Consent has been obtained or made. Notwithstanding the foregoing, any such Cycleron Asset or Cycleron Liability shall continue to constitute a Cycleron Asset or Cycleron Liability, as applicable, for all other purposes of this Agreement.

(b) If and to the extent that the valid, complete and perfected Transfer to the Ironwood Group of any Ironwood Retained Asset or Assumption by the Ironwood Group of any Ironwood Retained Liability, in each case contemplated hereby, would be a violation of applicable Law or require any Consent in connection with the Separation that has not been obtained or made by the Distribution Effective Time then, unless the Parties mutually shall otherwise agree, the Transfer to the Ironwood Group of such Ironwood Retained Assets or the Assumption by the Ironwood Group of such Ironwood Retained Liabilities, as the case may be, shall be automatically deemed deferred and any such purported Transfer or Assumption shall be null and void until such time as all legal impediments are removed or such Consent has been obtained or made. Notwithstanding the foregoing, any such Ironwood Retained Assets or Ironwood Retained Liabilities shall continue to constitute Ironwood Retained Assets and Ironwood Retained Liabilities for all other purposes of this Agreement.

(c) With respect to Assets and Liabilities described in Section 2.6(a) and Section 2.6(b), taking into account any applicable restrictions or considerations relating to the contemplated Tax treatment of the transactions contemplated hereby, each of Ironwood and Cycleron shall, and shall cause the members of its respective Group to, (i) treat for all Tax purposes (A) the deferred Assets as assets having been Transferred to and owned by the Person entitled to such Assets not later than the Distribution Effective Time and (B) the deferred Liabilities as having been Assumed by the Person intended to be subject to such Liabilities not later than the Distribution Effective Time and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest).

(d) In the event that any Transfer of Assets or Assumption of Liabilities intended to be effected hereunder has not been consummated at or prior to the Distribution Effective Time, whether as a result of the provisions of Section 2.6(a) or Section 2.6(b) or for any other reason (other than with respect to Shared Contracts, which shall be governed solely by Section 2.3):

(i) unless the Parties shall otherwise agree, the Parties and their respective Group members shall cooperate and use commercially reasonable efforts to seek to obtain, in accordance with applicable Law, any necessary Consents for the Transfer of all Assets and the Assumption of all Liabilities contemplated to be Transferred or Assumed, as applicable, pursuant to this Article II to the fullest extent permitted by applicable Law; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Ironwood and Cycleron, neither Ironwood nor Cycleron shall be obligated to make any payment, incur any Liability or offer or grant any accommodation (financial or otherwise, regardless of any provision to the contrary in any underlying Contract, including any requirements for the securing or posting of any bonds, letters of credit or similar instruments, or the furnishing of any guarantees) to any Third Party to obtain or make such Consent; and

(ii) (A) the Party (or the applicable member of its Group) retaining such Asset shall thereafter hold (or shall cause such member in its Group to hold) such Asset in trust for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and (B) the Party intended to Assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Party retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. To the extent the foregoing applies to any Contracts to be assigned for which any necessary Consents are not received prior to the Distribution Effective Time, the treatment of such Contracts shall, for the avoidance of doubt, be subject to Section 2.8 and Section 2.9, to the extent applicable. In addition, the Party (or the applicable member of its Group) retaining such Asset or Liability shall (or shall cause such member in its Group to) treat, insofar as reasonably possible and to the extent permitted by applicable Law, such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Party to which such Asset is to be Transferred or by the Party Assuming such Liability in order to place such Party, insofar as reasonably possible and to the extent permitted by applicable Law, in the same position as if such Asset or Liability had been Transferred or Assumed as contemplated hereby, and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for income and gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Distribution Effective Time to the applicable member or members of the Ironwood Group or the Cycleron Group entitled to the receipt of such Asset or required to Assume such Liability. In furtherance of the foregoing, the Parties agree that, as of the Distribution Effective Time, each Party shall be deemed to have acquired complete and sole beneficial ownership over all such Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have Assumed in accordance with the terms of this Agreement all such Liabilities, and all duties, obligations and responsibilities incident thereto, which such Party is entitled to acquire or required to Assume pursuant to the terms of the Transaction Agreements.

(e) If and when the Consents or conditions, the absence or non-satisfaction of which caused the deferral of Transfer of any Asset or deferral of the Assumption of any Liability pursuant to Section 2.6(a) or Section 2.6(b), are obtained or satisfied, the Transfer or Assumption of the applicable Asset or Liability shall be effected without further consideration in accordance with and subject to the terms of this Agreement (including Section 2.2) or the applicable Ancillary Agreement, and shall, to the extent possible without the imposition of any undue cost on any Party, be deemed to have become effective as of the Distribution Effective Time.

(f) The Party (or the applicable member of its Group) retaining any Asset or Liability due to the deferral of the Transfer of such Asset or the deferral of the Assumption of such Liability pursuant to Section 2.6(a) or Section 2.6(b) or otherwise shall (i) not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Party (or the applicable member of its Group) entitled to such Asset or the Person intended to be subject to such Liability, other than reasonable attorneys' fees and recording or similar or other incidental fees, all of which shall be promptly reimbursed by the Party (or the applicable member of its Group) entitled to such Asset or the Person intended to be subject to such Liability and (ii) be indemnified for all

Indemnifiable Losses or other Liabilities arising out of any actions (or omissions to act) of such retaining Party taken (or not taken) at the written direction of the other Party (or the applicable member of its Group) in connection with and relating to such retained Asset or Liability, as the case may be.

Section 2.7. Further Assurances.

(a) In addition to and without limiting the actions specifically provided for elsewhere in this Agreement and subject to the limitations expressly set forth in this Agreement, including Section 2.6, each of the Parties shall cooperate with each other and shall use (and shall cause its respective Subsidiaries to use) commercially reasonable efforts, from and after the Distribution Effective Time, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as reasonably practicable.

(b) Without limiting the foregoing, from and after the Distribution Effective Time:

(i) each Party shall cooperate with the other Party to execute and deliver, and use commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of Transfer or title, and to make all filings with, and to obtain all Consents, and to take or cause to be taken all such other actions as such Party may reasonably be requested to take by any other Party from time to time, as promptly as reasonably practicable, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the Transfers of the applicable Assets and the assignment and Assumption of the applicable Liabilities and the other transactions contemplated hereby and thereby; and

(ii) in the event that any Party (or member of such Party's Group) receives any Assets (including the receipt of payments made pursuant to Contracts and proceeds from accounts receivable with respect to such Asset) or is liable for any Liability that is otherwise assigned to any Person that is a member of the other Group pursuant to this Agreement or the Ancillary Agreements, such Party agrees to promptly Transfer, or cause to be Transferred, without further consideration such Asset or Liability to the other Party so entitled thereto (or to a member of such other Party's Group as designated by such other Party) and, prior to any such Transfer, such Asset or Liability, as the case may be, shall be held in accordance with the provisions of Section 2.6; provided, that the provisions of this Section 2.7(b)(ii) are not intended to, and shall not, be deemed to constitute an authorization by any Party to permit the other to accept service of process on its behalf and no Party is or shall be deemed to be the agent of any other Party for service of process purposes.

(c) From and after the Distribution Effective Time, with respect to any Action where any Party hereto is a defendant, when and if requested by such Party, the other Party shall use commercially reasonable efforts to petition the applicable court to remove the requesting

Party as a defendant to the extent that such Action relates solely to Assets or Liabilities that the other Party (or any member of such other Party's Group) has been assigned pursuant to this Article II, and the other Party shall cooperate and assist in any required communication with any plaintiff or other related Third Party.

Section 2.8. Novation of Ironwood Retained Liabilities; Indemnification.

(a) Other than with respect to Shared Contracts, which shall be governed solely by Section 2.3, each of Ironwood and Cycleron, at the request of the other Party, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any Consent, substitution or amendment required to novate or assign all obligations and other Liabilities for which a member of the Ironwood Group and a member of the Cycleron Group are jointly or severally liable and that constitute Ironwood Retained Liabilities, or to obtain in writing the unconditional release of all members of the Cycleron Group to such arrangements, so that, in any such case, the members of the Ironwood Group will be solely responsible for such Liabilities; provided, however, that except as expressly provided in any of the Ancillary Agreements, any Third Party Agreement, or as otherwise agreed between Ironwood and Cycleron, neither Ironwood nor Cycleron shall be obligated to make any payment, incur any Liability or offer or grant any accommodation (financial or otherwise, regardless of any provision to the contrary in any underlying Contract, including any requirements for the securing or posting of any bonds, letters of credit or similar instruments, or the furnishing of any guarantees) to any Third Party from whom any such Consent, substitution, amendment or release is requested.

(b) If Ironwood or Cycleron, as applicable, is unable to obtain, or to cause to be obtained, any such required Consent, substitution, amendment or release with respect to any such Liability, the applicable member of the Cycleron Group shall from and after the Distribution Effective Time continue to be bound by such obligation or other Liability and, unless not permitted by the terms thereof or by Law, from and after the Distribution Effective Time, Ironwood shall or shall cause a member of the Ironwood Group to, as agent or subcontractor for such member of the Cycleron Group pay, perform and discharge fully such Liability to the extent that it does not constitute a Cycleron Liability. Cycleron shall cause each member of the Cycleron Group without further consideration to promptly pay and remit, or cause to be paid or remitted, to Ironwood or to another member of the Ironwood Group specified by Ironwood, all money, rights and other consideration received by Cycleron or any member of the Cycleron Group in respect of such performance (unless any such consideration is a Cycleron Asset). If and when any such Consent, substitution, amendment or release shall be obtained or the Liability shall otherwise become assignable or able to be novated, without payment of further consideration, Cycleron shall promptly assign, or cause to be assigned, such Liability to Ironwood or to another member of the Ironwood Group specified by Ironwood, and Ironwood shall, or shall cause such other member of the Ironwood Group to, Assume such Liability.

Section 2.9. Novation of Cycleron Liabilities; Indemnification.

(a) Other than with respect to Shared Contracts, which shall be governed solely by Section 2.3, each of Ironwood and Cycleron, at the request of the other party, shall use

its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any Consent, substitution or amendment required to novate or assign all obligations or other Liabilities for which a member of the Ironwood Group and a member of the Cycleron Group are jointly or severally liable and that constitute Cycleron Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Cycleron Group, so that, in any such case, the members of the Cycleron Group will be solely responsible for such Liabilities; provided, however, that except as expressly provided in any of the Ancillary Agreements, any Third Party Agreement, or as otherwise agreed between Ironwood and Cycleron, neither Ironwood nor Cycleron shall be obligated to make any payment, incur any Liability or offer or grant any accommodation (financial or otherwise, regardless of any provision to the contrary in any underlying Contract, including any requirements for the securing or posting of any bonds, letters of credit or similar instruments, or the furnishing of any guarantees) to any Third Party from whom any such Consent, substitution, amendment or release is requested.

(b) If Ironwood or Cycleron, as applicable, is unable to obtain, or to cause to be obtained, any such required Consent, substitution, amendment or release with respect to any such Liability, the applicable member of the Ironwood Group shall from and after the Distribution Effective Time continue to be bound by such obligation or other Liability and, unless not permitted by the terms thereof or by Law, from and after the Distribution Effective Time, Cycleron shall or shall cause a member of the Cycleron Group to, as agent or subcontractor for such member of the Ironwood Group pay, perform and discharge fully such Liability to the extent that it does not constitute an Ironwood Retained Liability. Ironwood shall cause each member of the Ironwood Group without further consideration to promptly pay and remit, or cause to be paid or remitted, to Cycleron or to another member of the Cycleron Group specified by Cycleron, all money, rights and other consideration received by Ironwood or any member of the Ironwood Group in respect of such performance (unless any such consideration is an Ironwood Retained Asset). If and when any such Consent, substitution, amendment or release shall be obtained or the Liability shall otherwise become assignable or able to be novated, without payment of further consideration, Ironwood shall promptly assign, or cause to be assigned, such Liability to Cycleron or to another member of the Cycleron Group specified by Cycleron, and Cycleron shall, or shall cause such other member of the Cycleron Group to, Assume such Liability.

Section 2.10. Disclaimer of Representations and Warranties.

(a) EACH OF IRONWOOD (ON BEHALF OF ITSELF AND EACH MEMBER OF THE IRONWOOD GROUP) AND CYCLERION (ON BEHALF OF ITSELF AND EACH MEMBER OF THE CYCLERION GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENTS OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY, AND HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, AS TO THE ASSETS, BUSINESSES OR LIABILITIES CONTRIBUTED, TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS REQUIRED IN CONNECTION HERewith OR

THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, AS TO NONINFRINGEMENT, VALIDITY OR ENFORCEABILITY OR ANY OTHER MATTER CONCERNING, ANY ASSETS OR BUSINESS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY ACTION OR OTHER ASSET, INCLUDING ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY CONTRIBUTION, ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS, WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

(b) Each of Ironwood (on behalf of itself and each member of the Ironwood Group) and Cycleron (on behalf of itself and each member of the Cycleron Group) further understands and agrees that if the disclaimer of express or implied representations and warranties contained in Section 2.10(a) is held unenforceable or is unavailable for any reason under the Laws of any jurisdiction outside the United States or if, under the Laws of a jurisdiction outside the United States, both Ironwood or any member of the Ironwood Group, on the one hand, and Cycleron or any member of the Cycleron Group, on the other hand, are jointly or severally liable for any Ironwood Retained Liability or any Cycleron Liability, then the Parties intend that, notwithstanding any provision to the contrary under the Laws of such non-U.S. jurisdictions, the provisions of this Agreement and the Ancillary Agreements (including the disclaimer of all representations and warranties, allocation of Liabilities among the Parties and their respective Subsidiaries, releases, indemnification and contribution of Liabilities) shall prevail for any and all purposes among the Parties and their respective Subsidiaries.

Section 2.11. Cash Management. From the date of this Agreement until the Distribution Effective Time, Ironwood and its Subsidiaries shall be entitled to use, retain or otherwise dispose of all cash generated by the Cycleron Pharmaceutical Business and the Cycleron Assets in accordance with the ordinary course operation of Ironwood's cash management systems. Prior to the Distribution Effective Time, in connection with the intended capitalization of the Cycleron Group, Ironwood shall cause to be contributed to Cycleron an amount in cash and cash equivalents, as Ironwood may determine in its sole and absolute discretion. All cash and cash equivalents held by any member of the Cycleron Group as of the Distribution Effective Time shall be a Cycleron Asset and all cash and cash equivalents held by any member of the Ironwood Group as of the Distribution Effective Time shall be an Ironwood Retained Asset.

ARTICLE III

CERTAIN ACTIONS AT OR PRIOR TO THE DISTRIBUTION

Section 3.1. Transaction Agreements. At or prior to the Distribution Effective Time, Ironwood and Cyclerion shall enter into, or (where applicable) shall cause a member or members of their respective Groups to enter into each Transaction Agreement (other than this Agreement).

ARTICLE IV

THE DISTRIBUTION

Section 4.1. Stock Dividend; Distribution. On or prior to the Distribution Effective Time, in furtherance of the Separation, Cyclerion shall issue to Ironwood as a stock dividend such number of shares of Cyclerion Common Stock as may be requested by Ironwood after consultation with Cyclerion in order to effect the Distribution (or Ironwood and Cyclerion shall take or cause to be taken such other appropriate actions to ensure that Ironwood has the requisite number of shares of Cyclerion Common Stock), which shares as of the date of issuance shall represent (together with such shares previously held by Ironwood) all of the issued and outstanding shares of Cyclerion Common Stock. Subject to the conditions and other terms set forth in this Article IV, Ironwood shall cause the Distribution Agent on the Distribution Date to make the Distribution, including by crediting the appropriate number of shares of Cyclerion Common Stock to book entry accounts for each Record Holder or designated transferee or transferees of such Record Holder. For stockholders who own Ironwood Common Stock through a broker or other nominee, their shares of Cyclerion Common Stock will be credited to their respective accounts by such broker or nominee. No action by any stockholder (or such stockholder's designated transferee or transferees) shall be necessary to receive the applicable number of shares of Cyclerion Common Stock (and, if applicable, cash in lieu of any fractional shares) to which such stockholder is entitled in the Distribution.

Section 4.2. Fractional Shares. Ironwood registered stockholders who, after aggregating the number of shares of Cyclerion Common Stock (or fractions thereof) to which such stockholder would be entitled on the Record Date, would be entitled to receive a fraction of a share of Cyclerion Common Stock in the Distribution, will be entitled to receive cash in lieu of fractional shares. Fractional shares of Cyclerion Common Stock will not be distributed by Ironwood in the Distribution. The Distribution Agent shall, as soon as practicable after the Distribution Date, (a) determine the number of whole shares and fractional shares of Cyclerion Common Stock allocable to each such Ironwood stockholder, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each such beneficial owner, such holder's or owner's pro rata share of the aggregate net cash proceeds of these sales, after making appropriate deductions for any amount required to be withheld for U.S. federal income tax purposes. Ironwood shall bear the cost of brokerage fees and transfer Taxes incurred in connection with these sales of fractional shares, which such sales shall occur as soon after the Distribution Date as practicable and as determined by the Distribution Agent. None of Ironwood, Cyclerion or the Distribution Agent will guarantee any minimum sale price for the

fractional shares of Cyclerion Common Stock. Neither Ironwood nor Cyclerion will pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent will have the sole and absolute discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the selected broker-dealers will be Affiliates of Ironwood or Cyclerion.

Section 4.3. Actions in Connection with the Distribution.

(a) Prior to the Distribution Date, Cyclerion shall file such amendments and supplements to its Form 10 as Ironwood may reasonably request, and such amendments as may be necessary in order to cause the same to become and remain effective as required by Law, including filing such amendments and supplements to its Form 10 as may be required by the Commission or federal, state or non-U.S. securities Laws. Ironwood shall, or at Ironwood's election, Cyclerion shall, mail (or deliver by electronic means where not prohibited by Law) to the holders of Ironwood Common Stock, at such time on or prior to the Distribution Date as Ironwood shall determine, the Information Statement included in its Form 10 (or a Notice of Internet Availability of the Information Statement), as well as any other information concerning Cyclerion, its business, operations and management, the transactions contemplated herein and such other matters as Ironwood shall reasonably determine are necessary and as may be required by Law. Promptly after receiving a request from Ironwood, Cyclerion shall prepare and, in accordance with applicable Law, file with the Commission any such documentation that Ironwood reasonably determines is necessary or desirable to effectuate the Distribution, and Ironwood and Cyclerion shall each use commercially reasonable efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(b) Cyclerion shall use commercially reasonable efforts in preparing, filing with the Commission and causing to become effective, as soon as reasonably practicable (but in any case prior to the Distribution Effective Time), an effective registration statement or amendments thereof which are required in connection with the establishment of, or amendments to, any employee benefit plans of Cyclerion.

(c) To the extent not already approved and effective, Cyclerion shall use commercially reasonable efforts to have approved and made effective, the application for the original listing on NASDAQ of the Cyclerion Common Stock to be distributed in the Distribution, subject to official notice of distribution.

(d) Nothing in this Section 4.3 shall be deemed to shift or otherwise impose Liability for any portion of the Form 10 or Information Statement to Ironwood.

Section 4.4. Sole and Absolute Discretion of Ironwood. Ironwood, in its sole and absolute discretion, shall determine the Distribution Date, the Distribution Effective Time and all other terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, Ironwood may, in accordance with Section 10.10, at any time and from time to time until the completion of the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Without limiting the foregoing, Ironwood shall

have the right not to complete the Distribution if, at any time prior to the Distribution Effective Time, the Board shall have determined, in its sole and absolute discretion, that the Distribution is not in the best interests of Ironwood or its stockholders, that a sale or other alternative is in the best interests of Ironwood or its stockholders or that it is not advisable at that time for the Cycleron Pharmaceutical Business to separate from Ironwood.

Section 4.5. Conditions to Distribution. Subject to Section 4.4, the obligation of Ironwood to consummate the Distribution is subject to the prior or simultaneous satisfaction, or, to the extent permitted by applicable Law, waiver by Ironwood, in its sole and absolute discretion, of the following conditions. None of Cycleron, any other member of the Cycleron Group, or any Third Party shall have any right or claim to require the consummation of the Distribution, which shall be effected at the sole and absolute discretion of the Board. Any determination by Ironwood, and any subsequent amendment, revision, withdrawal or change thereto made by Ironwood prior to the Distribution and concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 4.5 shall be conclusive and binding on the Parties. The conditions are for the sole benefit of Ironwood and shall not give rise to or create any duty on the part of Ironwood or the Board to waive or not waive any such condition. Each Party shall use its commercially reasonable efforts to keep the other Party apprised of its efforts with respect to, and the status of, each of the following conditions:

(a) the Commission shall have declared effective the Form 10, no stop order relating thereto will be in effect, no proceedings seeking any such stop order shall be pending before or threatened by the Commission, and the Information Statement (or the Notice of Internet Availability of the Information Statement) shall have been distributed to holders of Ironwood Common Stock;

(b) the shares of Cycleron Common Stock to be distributed shall have been approved and accepted for listing by NASDAQ, subject to official notice of distribution;

(c) the receipt and continuing validity of either (1) a private letter ruling from the Internal Revenue Service and an opinion from KPMG LLP, both satisfactory to the Board, together confirming that the Separation generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, or (2) an opinion of KPMG LLP, satisfactory to the Board, confirming that the Separation generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;

(d) the receipt and continuing validity of an opinion from an independent appraisal firm to the Board, that is in form and substance acceptable to Ironwood in its sole and absolute discretion, confirming the solvency of Cycleron after the Distribution and, as to the compliance by Ironwood in declaring to pay the Distribution, with surplus requirements under Delaware corporate law;

(e) all permits, registrations and Consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution shall have been received;

(f) no order, injunction, or decree issued by any Governmental Entity of competent jurisdiction, or other legal restraint or prohibition preventing the consummation of the Distribution or any of the related transactions shall be pending, threatened, issued or in effect, and no other event outside the control of Ironwood shall have occurred or failed to occur that prevents the consummation of all or any portion of the Distribution;

(g) the Board shall have declared the Distribution and approved all related transactions (and such declaration or approval shall not have been withdrawn);

(h) Cyclorion shall have executed and delivered each of the other Transaction Agreements; and

(i) no events or developments shall have occurred or shall exist that, in the sole and absolute judgment of the Board, make it inadvisable to effect the Distribution or would result in the Distribution and related transactions not being in the best interest of Ironwood or its stockholders.

ARTICLE V

CERTAIN COVENANTS

Section 5.1. Non-Solicit; Non-Hire. Commencing on and for a period of two (2) years following the Distribution Date, neither Party nor any of its Subsidiaries will: (a) without the prior written consent of the other Party, directly or indirectly, on their own behalf or in the service or on behalf of others, solicit, aid, induce or encourage any employee of the other Party to terminate or breach an employment, contractual or other relationship with the other Party (or any of its Subsidiaries), or (b) hire or otherwise employ any employee of the other Party (or any of its Subsidiaries); provided, however, that nothing in this Section 5.1 shall be deemed to prohibit (i) any general solicitation for employment through advertisements and search firms not specifically directed at employees of such other Party (or any of its Subsidiaries), provided that the soliciting Person has not encouraged or advised such firm to approach any such employee, (ii) the solicitation or hiring of an individual whose employment was terminated by such other Party (or any of its Subsidiaries), (iii) the solicitation or hiring of an individual formerly employed by a Party (or any of its Subsidiaries) at any time after one (1) year following such individual's termination of his or her employment with such other Party or (iv) the hiring by any Party of any individual (y) not solicited by such Party in breach of this Section 5.1 and (x) with the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), it being understood that the Party whose consent is requested may take into account, among other things, its own hiring needs and competitive considerations.

Section 5.2. Certain Restrictions.

(a) Ironwood Restricted Business. Subject to Section 5.2(c), during the time period beginning on the Distribution Effective Time and ending immediately after the third (3rd) anniversary of the Distribution Date (the "Base Restricted Period"), Ironwood and its Affiliates shall not, and Ironwood shall cause the other members of its Group not to, (i) engage in any part of the Ironwood Restricted Business, (ii) enable, assist or grant any rights to a Third Party or

Affiliate of Ironwood to engage in any part of the Ironwood Restricted Business, or (iii) own, operate, control, share any revenues of or have any profit or other equity interest in any business engaged in the Ironwood Restricted Business. “Ironwood Restricted Business” shall mean (x) discovering (to the extent intentional), researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any pharmaceutical product for the diagnosis, prevention or treatment of diabetic nephropathy, heart failure with preserved ejection fraction or sickle cell disease or (y) discovering (to the extent intentional), researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any pharmaceutical product that contains one or more soluble guanylate cyclase stimulators, either as the sole active ingredient or in combination with one or more other active ingredients, including all formulations, dosages and dosage forms thereof.

(b) Cyclerion Restricted Businesses. Subject to Section 5.2(c):

(i) During the time period beginning on the Distribution Effective Time and ending immediately after the tenth (10th) anniversary of the Distribution Date (the “Extended Restricted Period”), Cyclerion and its Affiliates shall not, and Cyclerion shall cause the other members of its Group not to, (x) engage in the Extended Cyclerion Restricted Business, (y) enable, assist or grant any rights to a Third Party or Affiliate of Cyclerion to engage in any part of the Extended Cyclerion Restricted Business or (z) own, operate, control, share any revenues of or have any profit or other equity interest in any business engaged in the Extended Cyclerion Restricted Business. “Extended Cyclerion Restricted Business” shall mean discovering (to the extent intentional), researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any pharmaceutical product for the diagnosis, prevention or treatment of irritable bowel syndrome, constipation or gastroesophageal reflux disease (the “GI Indications”).

(ii) During the Base Restricted Period, Cyclerion and its Affiliates shall not, and Cyclerion shall cause the other members of its Group not to, (i) engage in the Base Cyclerion Restricted Business, (ii) enable, assist or grant any rights to a Third Party or Affiliate of Cyclerion to engage in any part of the Base Cyclerion Restricted Business, or (iii) own, operate, control, share any revenues of or have any profit or other equity interest in any business engaged in the Base Cyclerion Restricted Business; provided that the foregoing restrictions in this Section 5.2(b) (ii) shall not apply to Cyclerion’s use of guanylate cyclase-C agonists in an injectable product for diagnosis, prevention or treatment of indications other than gastrointestinal diseases and disorders, with the prior written consent of Ironwood, which shall not be unreasonably withheld, delayed or conditioned. “Base Cyclerion Restricted Business” shall mean (1) discovering (to the extent intentional), researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any pharmaceutical product for the diagnosis, prevention or treatment of (A) gastrointestinal diseases or disorders other than the GI Indications (except with respect to the use of a soluble guanylate cyclase stimulator as the primary active ingredient for the diagnosis, prevention or treatment of an indication other than the GI Indications) and (B) diseases or disorders with the recognized signs or symptoms of visceral, abdominal or pelvic pain (except with

respect to the use of a soluble guanylate cyclase stimulator as the primary active ingredient for the diagnosis, prevention or treatment of an indication other than endometriosis and bladder pain syndrome) and (2) discovering (to the extent intentional), researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling anywhere in the world any pharmaceutical product that (A) contains one or more guanylate cyclase-C agonists, either as the sole active ingredient or in combination with one or more other active ingredients, including all formulations, dosages and dosage forms thereof or (B) is or contains any bile sequestrant-based therapy.

(iii) The Base Cyclerion Restricted Business and the Extended Cyclerion Restricted Business are referred to herein, collectively, as the “Cyclerion Restricted Businesses.”

(c) Exceptions. Notwithstanding anything to the contrary set forth in this Section 5.2, nothing in this Agreement shall prohibit, preclude or in any way restrict Affiliates of Ironwood or Cyclerion or either of the Ironwood Group or the Cyclerion Group from:

(i) undertaking any activity expressly contemplated by this Agreement or any Ancillary Agreement;

(ii) purchasing or acquiring, or being the holder or beneficial owner for passive investment purposes of, equity securities of a Person that, directly or indirectly, engages in (x) with respect to the Ironwood Group, the Ironwood Restricted Business and (y) with respect to the Cyclerion Group, the Cyclerion Restricted Businesses; provided that, in the case of this clause (ii), the aggregate holdings of such Group of such equity securities in such Person during the applicable Restricted Period shall not exceed five percent (5%) of the outstanding equity securities of such Person; and

(iii) purchasing or acquiring or forming a joint venture (whether by merger, an asset, stock or equity acquisition, contribution or otherwise), and thereafter being the holder or beneficial owner of, at least fifty percent (50%) or more of the equity securities or consolidated assets of a Person that, directly or indirectly, engages in (x) with respect to the Ironwood Group, the Ironwood Restricted Business and (y) with respect to the Cyclerion Group, the Cyclerion Restricted Businesses; provided that, in the case of this clause (iii), (x) with respect to the Ironwood Group, Ironwood and (y) with respect to the Cyclerion Group, Cyclerion, shall cause such Person, as promptly as practicable following such purchase or acquisition (and in no event later than nine (9) months after such purchase or acquisition), to cease engaging in (x) with respect to the Ironwood Group, the Ironwood Restricted Business and (y) with respect to the Cyclerion Group, the Cyclerion Restricted Businesses, during the applicable Restricted Period, whether by divestiture or otherwise, for as long as such Person shall remain a member of the Ironwood Group or the Cyclerion Group, as the case may be.

(d) Change of Control. If Ironwood or Cyclerion undergoes a Change of Control after the Distribution Effective Time and prior to the end of the relevant Restricted

Period, then (i) the applicable restrictions in Sections 5.2(a) and (b), shall not apply to the relevant Third Party acquirer's commercially available products and product candidates in clinical development at the time of such Change of Control and (ii) in the event of a Change of Control of Cycleron, following such Change of Control, clause (1)(A) of the definition of Base Cycleron Restricted Business, solely as such relates to the restrictions in Section 5.2(b) on the relevant Third Party acquirer and its Affiliates who were not Affiliates of Cycleron prior to the consummation of the relevant Change of Control, shall be modified to replace "gastrointestinal diseases and disorders" with "functional dyspepsia, functional vomiting and functional diarrhea". "Change of Control" shall mean, with respect to Ironwood or Cycleron, as applicable, the occurrence after the Distribution Effective Time of any of the following: (A) the sale, conveyance, transfer or other disposition (however accomplished), in one or a series of related transactions, of all or substantially all of the assets of such Party's Group to a Third Party that is not an Affiliate of such Party; (B) the consolidation, merger or other business combination of such Party with or into any other to a Third Party that is not an Affiliate of such Party, immediately following which the stockholders of such Party immediately prior to such transaction fail to own in the aggregate at least a majority of the voting power in the election of directors of all the outstanding voting securities of the surviving Person in such consolidation, merger or business combination or of its ultimate publicly traded parent entity; (C) a transaction or series of transactions in which any Person or "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires more than fifty (50%) of the outstanding voting securities of such Party and effective control of such Party (other than a reincorporation, holding company merger or similar corporate transaction in which each of such Party's stockholders owns, immediately thereafter, interests in the new parent company in substantially the same percentage as such stockholder owned in such party immediately prior to such transaction); or (D) a majority of the board of directors of such Party ceasing to consist of Continuing Directors. "Continuing Directors" shall mean, with respect to a Party, any member of the Board of Directors of the Party who (a) was a member of such Board of Directors on the Distribution Date or (b) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

Section 5.3. No Right to Use Regulatory Information. Except as the Parties may otherwise agree in writing or as would otherwise be permitted by Law: (a) no member of the Ironwood Group shall have a right of reference to or otherwise be entitled to use any regulatory filings or other regulatory information owned or controlled by any member of the Cycleron Group for any products or product candidates in the Cycleron Pharmaceutical Business; and (b) no member of the Cycleron Group shall have a right of reference to or otherwise be entitled to use any regulatory filings or other regulatory information owned or controlled by any member of the Ironwood Group for any products or product candidates in the New Ironwood Pharmaceutical Business.

Section 5.4. Use of Retained Names and Marks. Cycleron hereby acknowledges that Ironwood or its Affiliates or its or their licensors own all right, title and interest in and to Trademarks and all other identifiers of source or goodwill containing, incorporating or associated with Trademarks, excluding, on and after the Distribution Date, the Cycleron Trademarks (collectively, the "Retained Names and Marks"), and that any and all right of Cycleron to use the Retained Names and Marks shall terminate as of the Distribution Date and shall immediately revert to Ironwood or its Affiliates, along with any and all goodwill associated therewith.

Cyclerion further acknowledges that it has no rights in any of the Retained Names and Marks, and that it is not acquiring any rights, directly or indirectly, to use the Retained Names and Marks, except as expressly provided herein. Ironwood hereby acknowledges that, on and after the Distribution Date, Cyclerion or its Affiliates or its or their licensors own all right, title and interest in and to the Cyclerion Trademarks, and that any and all right of Ironwood to use the Cyclerion Trademarks shall terminate as of the Distribution Date. Ironwood further acknowledges that, on and after the Distribution Date, it will have no rights in any of the Cyclerion Trademarks.

ARTICLE VI

INDEMNIFICATION

Section 6.1. Release of Pre-Distribution Claims.

(a) Except (x) as provided in Section 6.1(b), (y) as may be otherwise expressly provided in this Agreement or in any Ancillary Agreement and (z) for any matter for which either Party is entitled to indemnification pursuant to this Article VI:

(i) Ironwood, for itself and each member of the Ironwood Group and, to the extent permitted by Law, all Persons who at any time prior to the Distribution Effective Time were directors, officers, agents or employees of any member of the Ironwood Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge Cyclerion and the other members of the Cyclerion Group and all Persons who at any time prior to the Distribution Effective Time were stockholders, directors, officers, agents or employees of any member of the Cyclerion Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all (A) Ironwood Retained Liabilities and (B) Liabilities existing or arising: (1) in connection with the implementation of the Separation (including the Distribution); or (2) from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Distribution Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Distribution Effective Time), in each case to the extent relating to, arising out of or resulting from the New Ironwood Pharmaceutical Business, the Ironwood Retained Assets or the Ironwood Retained Liabilities, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, in each case, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Effective Time, including in connection with the Separation and any of the other transactions contemplated hereunder and under the Ancillary Agreements (such liabilities, the "Ironwood Released Liabilities") and in any event shall not, and shall cause its respective Subsidiaries not to, bring any Action against any member of the Cyclerion Group in respect of any Ironwood Released Liabilities; provided, however, that nothing in this Section 6.1(a)(i) shall relieve any Person released in this Section 6.1(a)(i) who, after the

Distribution Effective Time, is a director, officer or employee of any member of the Cycleron Group and is no longer a director, officer or employee of any member of the Ironwood Group from Liabilities arising out of, relating to or resulting from his or her service as a director, officer or employee of any member of the Cycleron Group after the Distribution Effective Time. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to limit Ironwood, any member of the Ironwood Group, or their respective Affiliates from commencing any Actions against any Cycleron officer, director, agent or employee, or their respective heirs, executors, administrators, successors and assigns with regard to matters arising from, or relating to criminal acts by any such officers, directors, agents or employees.

(ii) Cycleron, for itself and each member of the Cycleron Group and, to the extent permitted by Law, all Persons who at any time prior to the Distribution Effective Time were directors, officers, agents or employees of any member of the Cycleron Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge Ironwood and the other members of the Ironwood Group and all Persons who at any time prior to the Distribution Effective Time were stockholders, directors, officers, agents or employees of any member of the Ironwood Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all (A) Cycleron Liabilities and (B) Liabilities existing or arising: (1) in connection with the implementation of the Separation (including the Distribution); or (2) from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Distribution Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Distribution Effective Time), in each case to the extent relating to, arising out of or resulting from the Cycleron Pharmaceutical Business, the Cycleron Assets or the Cycleron Liabilities, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, in each case, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Effective Time, including in connection with the Separation and any of the other transactions contemplated hereunder and under the Ancillary Agreements (such liabilities, the “Cycleron Released Liabilities”) and in any event shall not, and shall cause its respective Subsidiaries, if any, not to, bring any Action against any member of the Ironwood Group in respect of any Cycleron Released Liabilities; provided, however, that for purposes of this Section 6.1(a)(ii), the members of the Cycleron Group shall also release and discharge any officers or other employees of any member of the Ironwood Group, to the extent any such officers or employees served as directors or officers of any member of the Cycleron Group prior to the Distribution, from any and all Liabilities or responsibilities for any and all past actions or failures to take action, in each case in their respective capacities as directors or officers, as the case may be, of any such member of the Cycleron Group, prior to the date of the Distribution. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to limit Cycleron, any member of the Cycleron Group, or their respective Affiliates from commencing any Actions against any Ironwood officer, director, agent or employee, or

their respective heirs, executors, administrators, successors and assigns with regard to matters arising from, or relating to criminal acts by any such officers, directors, agents or employees.

(b) Nothing contained in this Agreement, including Section 6.1(a) or Section 2.5, shall impair or otherwise affect any right of any Party and, as applicable, a member of such Party's Group, as well as their respective heirs, executors, administrators, successors and assigns, to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings contemplated in this Agreement or in any Ancillary Agreement to continue in effect after the Distribution Effective Time. In addition, nothing contained in Section 6.1(a) shall:

(i) release any Person from any Liability Assumed, Transferred or expressly assigned to a Party or a member of such Party's Group pursuant to or as contemplated by, or any other Liability of any member of such Group under, this Agreement or any Ancillary Agreement including (A) with respect to Ironwood, any Ironwood Retained Liability, (B) with respect to Cycleron, any Cycleron Liability, (C) any Liability expressly preserved pursuant to Section 2.5 and (D) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for Actions brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Agreement and, in particular, this Article VI and, if applicable, the appropriate provisions of the Ancillary Agreements;

(ii) release any Person from any Liability provided for in or resulting from any other Contract or understanding that is entered into after the Distribution Effective Time between any Party (and/or a member of such Party's Group), on the one hand, and the other Party (and/or a member of such Party's Group), on the other hand;

(iii) release any Person other than the Persons released in Section 6.1(a); provided, that the Parties agree not to bring any Action or permit any other member of their respective Group to bring any Action against a Person released in Section 6.1(a) with respect to such Liability; and

(iv) release any employee of Cycleron from any Contract with any member of the Ironwood Group to the extent related to the Ironwood Retained Assets, Ironwood Retained Liabilities or New Ironwood Pharmaceutical Business.

In addition, nothing contained in Section 6.1(a) shall release Ironwood from indemnifying any director, officer or employee of Cycleron who was a director, officer or employee of Ironwood or any of its Affiliates prior to the Distribution Effective Time, as the case may be, with respect to which he or she was entitled to such indemnification pursuant to an obligation existing immediately prior to the Distribution Effective Time; it being understood that if the underlying obligation giving rise to such Action is established by a court of competent jurisdiction to be a Cycleron Liability, Cycleron shall indemnify Ironwood for such Liability (including Ironwood's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article VI.

(c) Each Party shall not, and shall not permit any member of its Group to, make any claim for offset, or commence any Action, including any claim of contribution or any indemnification, against any other Party or any member of any other Party's Group, or any other Person released pursuant to Section 6.1(a), with respect to any Liabilities released pursuant to Section 6.1(a).

(d) If any Person associated with a Party (including any director, officer or employee of a Party) initiates any Action with respect to claims released by this Section 6.1, the Party with which such Person is associated shall be responsible for the reasonable fees and expenses of counsel of the other Party and/or the members of such Party's Group, as applicable, and such other Party shall be indemnified for all Liabilities incurred in connection with such Action in accordance with the provisions set forth in this Article VI.

Section 6.2. Indemnification by Ironwood. In addition to any other provisions of this Agreement requiring indemnification and except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following the Distribution Effective Time, Ironwood shall and shall cause the other members of the Ironwood Group to indemnify, hold harmless and defend the Cyclерion Indemnitees from and against any and all Indemnifiable Losses of the Cyclерion Indemnitees to the extent relating to, arising out of, by reason of or otherwise in connection with (a) the Ironwood Retained Liabilities, including the failure of any member of the Ironwood Group or any other Person to pay, perform or otherwise discharge any Ironwood Retained Liability in accordance with its respective terms, whether arising prior to, on or after the Distribution Effective Time, or (b) any breach by Ironwood of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder (each, a "Cyclерion Claim").

Section 6.3. Indemnification by Cyclерion. In addition to any other provisions of this Agreement requiring indemnification and except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following the Distribution Effective Time, Cyclерion shall and shall cause the other members of the Cyclерion Group to indemnify, hold harmless and defend the Ironwood Indemnitees from and against any and all Indemnifiable Losses of the Ironwood Indemnitees to the extent relating to, arising out of, by reason of or otherwise in connection with (a) the Cyclерion Liabilities, including the failure of any member of the Cyclерion Group or any other Person to pay, perform or otherwise discharge any Cyclерion Liability in accordance with its respective terms, whether prior to, on or after the Distribution Effective Time, or (b) any breach by Cyclерion of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder (each, an "Ironwood Claim").

Section 6.4. Procedures for Indemnification.

(a) Direct Claims. Other than with respect to Third Party Claims, which shall be governed by Section 6.4(b):

(i) if a Cycleron Indemnitee has made a determination that it is or may be entitled to indemnification in respect of any Cycleron Claim, the Cycleron Indemnitee shall so notify Ironwood as promptly as reasonably possible after becoming aware of the existence of such Cycleron Claim; and

(ii) if an Ironwood Indemnitee has made a determination that it is or may be entitled to indemnification in respect of any Ironwood Claim, the Ironwood Indemnitee shall so notify Cycleron as promptly as reasonably possible after becoming aware of the existence of such Ironwood Claim (any such claim made pursuant to Section 6.4(a)(i) or this Section 6.4(a)(ii), a “Direct Claim”).

Each such notice shall be in writing and shall describe in reasonable detail the basis for the claim for indemnification hereunder and set forth, to the extent known, the estimated amount of Indemnifiable Losses for which indemnification may be sought hereunder relating to such claim (including, to the extent practicable, the method of computation thereof); provided, however, that the failure to provide such written notice shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually materially prejudiced as a result of such failure. The Indemnifying Party will have a period of forty-five (45) days after receipt of any such notice under this Section 6.4(a) to respond to the claimant thereto. If the Indemnifying Party fails to respond within such period, the claim specified in such notice from the Indemnitee shall be conclusively determined to be an indemnifiable claim for which the Indemnifying Party shall be liable to the applicable Indemnitee(s) hereunder.

(b) Third Party Claims. If a claim or demand is made against an Indemnitee by any Third Party (a “Third Party Claim”) as to which such Indemnitee is or may be entitled to indemnification pursuant to this Agreement, Ironwood (on behalf of the Ironwood Indemnitees) or Cycleron (on behalf of the Cycleron Indemnitees), as applicable (such claimant, the “Claiming Party”), shall notify the Indemnifying Party of the Third Party Claim in writing and in reasonable detail describing the basis for any claim for indemnification hereunder, referring to the provisions of this Agreement or any Ancillary Agreement in respect of which such right of indemnification is claimed by such Indemnitee or arises and including copies of all Third Party written notices and documents received by the Claiming Party (and any or all of its Indemnitees) relating to the Third Party Claim promptly (and in any event within twenty (20) days) after receipt by such Indemnitee of written notice of the Third Party Claim; provided, however, that the failure to provide notice of any such Third Party Claim pursuant to this sentence shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually materially prejudiced as a result of such failure. Thereafter, the Claiming Party shall deliver to the Indemnifying Party, promptly (and in any event within five (5) Business Days) after the receipt thereof by the Claiming Party (or any of its Indemnitees), copies of any and all additional Third Party written notices and documents (including court papers) received by the Claiming Party (or any of its Indemnitees) relating to the Third Party Claim.

(c) Subject to the provisions of this Section 6.4(c), the Indemnifying Party has the right, exercisable by written notice to the Claiming Party within thirty (30) days after receipt of notice from the Claiming Party pursuant to Section 6.4(b), to assume and conduct the defense

(including, subject to the conditions of this Section 6.4(c), settlement) of such Third Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the applicable Indemnitees. If the Indemnifying Party does not assume the defense of a Third Party Claim in accordance with this Section 6.4(c), the Indemnitee may defend the Third Party Claim. If the Indemnifying Party has assumed the defense of a Third Party Claim as provided in this Section 6.4(c), the Indemnifying Party shall not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense of the Third Party Claim; provided, however, that if (w) in the reasonable judgment of the Indemnitee, after consultation with outside counsel, there exists a conflict of interest between the Indemnifying Party and the applicable Indemnitee(s) in the defense of such Third Party Claim by the Indemnifying Party, (x) the party making such Third Party Claim is a Governmental Authority with regulatory or other authority over the Indemnitee or any of its material assets, (y) the Third Party Claim seeks injunctive or other nonmonetary relief that, if granted, would reasonably be expected to have a material and adverse effect on the Indemnitee's business or (z) the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim, the Indemnitee may assume its own defense, and the Indemnifying Party shall be liable for all reasonable costs or expenses paid or incurred in connection with such defense. The Indemnifying Party or the Indemnitee, as the case may be, has the right to participate in (but, subject to the prior sentence, not control), at its own expense, the defense of any Third Party Claim that the other Person is defending as provided in this Agreement. The Indemnifying Party, if it has assumed the defense of any Third Party Claim as provided in this Agreement, may not, without the prior written consent of the Indemnitee (not to be unreasonably withheld, conditioned or delayed), consent to a settlement or compromise of, or the entry of any judgment arising from, any such Third Party Claim. The Indemnitee may consent to a settlement or compromise of, or the entry of any judgment arising from, any Third Party Claim, the defense of which has not been assumed by the Indemnifying Party, only with the prior written consent of the Indemnifying Party, not to be unreasonably withheld, conditioned or delayed.

(d) The Claiming Party and the Indemnifying Party shall (and the Claiming Party shall cause the applicable Indemnitee(s) to) make reasonably available to each other and their respective agents and representatives all relevant records available to them that are necessary or appropriate for the defense of any Third Party Claim, subject to any *bona fide* claims of attorney-client privilege, and each of the Indemnifying Party and the Claiming Party shall use its reasonable efforts to assist, and to cause the employees and counsel of such party to assist, in the defense of such Third Party Claim. If a Party asserts its right to participate in the defense and investigation of any Third Party Claim, the Party controlling the defense and investigation of such Third Party Claim shall act in good faith and reasonably consult and cooperate with the Indemnitee or the Indemnifying Party, as the case may be, in connection with any appearances, briefs, arguments and proposals made or submitted by or on behalf of any party in connection with the Third Party Claim (including considering in good faith all reasonable additions, deletions or changes suggested by the Indemnitee or the Indemnifying Party, as the case may be, in connection any filings made with any Governmental Entity or proposals to the Third Party claimant in connection therewith). With respect to any Third Party Claim that implicates both Parties in any material respect due to the allocation of Liabilities, responsibilities for management of defense and related indemnities pursuant to this Agreement or any of the Ancillary Agreements, the Parties agree to use commercially reasonable efforts to cooperate

fully and maintain a joint defense (in a manner that, to the extent reasonably practicable, will preserve for all Parties any Privilege with respect thereto). The Party that is not responsible for managing the defense of any such Third Party Claim shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may, if necessary or helpful, retain counsel to assist in the defense of such claims. Notwithstanding the foregoing, nothing in this Section 6.4(d) shall derogate from a Party's right to control the defense of any Action in accordance with Section 6.4.

(e) Each of the Parties agrees that at all times from and after the Distribution Effective Time, if an Action is commenced by a Third Party naming two (2) or more Parties (or any member of such Parties' respective Groups) as defendants and with respect to which one or more named Parties (or any member of such Party's Group) is a nominal defendant and/or such Action is related solely to an Asset or Liability that the other Party has been assigned under this Agreement, any Ancillary Agreement or any Third Party Agreement, then the other Party or Parties shall use commercially reasonable efforts to cause such nominal defendant to be removed from such Action, as soon as reasonably practicable.

(f) The provisions of this Section 6.4 (other than this Section 6.4(f)) and Section 6.7 (other than Section 6.7(g)) shall not apply to Taxes (Taxes being governed by the Tax Matters Agreement).

Section 6.5. Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) Any recovery by any Party (including any of its Indemnitees) for any Indemnifiable Loss subject to indemnification pursuant to this Article VI shall be calculated (i) net of Insurance Proceeds actually received by such Party (or any of its Indemnitees) with respect to any Indemnifiable Loss and (ii) net of any proceeds actually received by such Party (or any of its Indemnitees) from any Third Party with respect to any such Liability corresponding to the Indemnifiable Loss ("Third Party Proceeds"), in the case of (i) and (ii) net of the costs of collection thereof and any increase in premium attributable thereto under applicable Third Party Policies. Accordingly, the amount which any Indemnifying Party is required to pay pursuant to this Article VI to any Indemnitee pursuant to this Article VI shall be reduced by any Insurance Proceeds or Third Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee corresponding to the related Indemnifiable Loss. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party corresponding to any Indemnifiable Loss (an "Indemnity Payment") and subsequently receives Insurance Proceeds or Third Party Proceeds, then the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or Third Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) Insurers and Other Third Parties Not Relieved. The Parties hereby agree that an insurer or other Third Party that would otherwise be obligated to pay any amount shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of any provision contained in this Agreement or any Ancillary Agreement, and that no insurer or any other Third Party shall be entitled to a "windfall" (e.g., a

benefit they would not otherwise be entitled to receive, or the reduction or elimination of an insurance coverage obligation that they would otherwise have, in the absence of the indemnification or release provisions) by virtue of any provision contained in this Agreement or any Ancillary Agreement. Each Party shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to collect or recover, or allow the Indemnifying Party to collect or recover, or cooperate with each other in collecting or recovering, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification may be available under this Article VI. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Actions to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

Section 6.6. Contribution. If the indemnification provided for in this Article VI is unavailable for any reason to an Indemnitee (other than failure to provide notice with respect to any Third Party Claims in accordance with Section 6.4(b)) in respect of any Indemnifiable Loss, then the Indemnifying Party shall, in accordance with this Section 6.6, contribute to the Indemnifiable Losses incurred, paid or payable by such Indemnitee as a result of such Indemnifiable Loss in such proportion as is appropriate to reflect the relative fault of Cycleron and each other member of the Cycleron Group, on the one hand, and Ironwood and each other member of the Ironwood Group, on the other hand, in connection with the circumstances which resulted in such Indemnifiable Loss. Solely for purposes of determining relative fault pursuant to this Section 6.6: (i) any fault associated with information contained in the Distribution Disclosure Documents shall be deemed to be allocated to Cycleron and the other members of the Cycleron Group; (ii) any fault associated with the conduct of the New Ironwood Pharmaceutical Business prior to the Distribution Effective Time shall be deemed to be allocated to Ironwood and the other members of the Ironwood Group, and no such fault shall be deemed to be the fault of Cycleron or any other member of the Cycleron Group; and (iii) any fault associated with the conduct of the Cycleron Pharmaceutical Business prior to the Distribution Effective Time shall be deemed to be the fault of Cycleron and the other members of the Cycleron Group, and no such fault shall be deemed to be the fault of Ironwood or any other member of the Ironwood Group.

Section 6.7. Additional Matters; Survival of Indemnities.

(a) The agreements contained in this Article VI shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; and (ii) the knowledge by the Indemnitee of Indemnifiable Losses for which it might be entitled hereunder. The agreements contained in this Article VI shall survive the Distribution.

(b) The rights and obligations of each Party and their respective Indemnitees under this Article VI shall survive (i) the sale or other Transfer by any Party or its respective Subsidiaries of any Assets or businesses or the assignment by it of any Liabilities and (ii) any merger, consolidation, business combination, sale of all or substantially all of the Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of its Subsidiaries.

(c) Except to the extent set forth in any Ancillary Agreement, absent fraud or willful misconduct by an Indemnifying Party, the provisions of this Article VI shall be the sole and exclusive remedy of an Indemnitee for any monetary or compensatory damages or losses resulting from any breach of this Agreement or any Ancillary Agreement and each Indemnitee expressly waives and relinquishes any and all rights, claims or remedies such Person may have with respect to the foregoing other than under this Article VI against any Indemnifying Party.

(d) Notwithstanding the foregoing, to the extent any Ancillary Agreement provides procedures for indemnification or contribution that differ from the provisions set forth in this Article VI, the terms of the Ancillary Agreement will govern.

(e) Any amounts payable pursuant to this Article VI shall be paid without duplication, and in no event shall any Party receive any payment in respect of an Indemnifiable Loss or receive contribution under different provisions of any Ancillary Agreement in respect of the same Liabilities.

(f) Any amount to be paid or reimbursed by an Indemnifying Party (or a member of such Party's Group) to an Indemnitee pursuant to this Article VI shall be paid in accordance with the procedures set forth in Section 10.11.

(g) The Parties shall report for all Tax purposes any amounts payable pursuant to this Article VI in accordance with Section 4.02 of the Tax Matters Agreement.

ARTICLE VII

PRESERVATION OF RECORDS; ACCESS TO INFORMATION; CONFIDENTIALITY; PRIVILEGE

Section 7.1. Preservation of Information.

(a) Except as otherwise required or agreed in writing, or as otherwise provided in any Ancillary Agreement, with regard to any information referenced in Section 7.3, each Party shall use its commercially reasonable efforts, at its sole cost and expense, to retain, until the latest of, as applicable, (i) the date on which such information is no longer required to be retained pursuant to Ironwood's applicable record retention policy as in effect immediately prior to the Distribution, including pursuant to any "Litigation Hold" issued by Ironwood or any of its Subsidiaries prior to the Distribution, (ii) the concluding date of any period as may be required by any applicable Law, (iii) the concluding date of any period during which such information relates to a pending or threatened Action which is known to the members of the Ironwood Group or Cyclerion Group, as applicable, in possession of such information at the time any retention obligation with regard to such information would otherwise expire, and (iv) the concluding date of any period during which the destruction of such information could interfere with a pending or threatened investigation by a Governmental Entity which is known to the members of the Ironwood Group or Cyclerion Group, as applicable, in possession of such information at the time any retention obligation with regard to such information would otherwise expire; provided, that with respect to any pending or threatened Action arising after the Distribution, clause (iii) of this sentence applies only to the extent that whichever member of the

Ironwood Group or Cycleron Group, as applicable, is in possession of such information has been notified in writing pursuant to a “Litigation Hold” by the other Party of the relevant pending or threatened Action. The Parties agree that upon written request from either Party that certain information relating to the Cycleron Pharmaceutical Business, the New Ironwood Pharmaceutical Business or the transactions contemplated hereby be retained in connection with an Action, the other Party shall use reasonable efforts to preserve and not to destroy or dispose of such information without the consent of the requesting Party.

(b) Ironwood and Cycleron intend that any transfer of information that would otherwise be within the attorney-client or attorney work product privileges not operate as a waiver of any potentially applicable privilege.

Section 7.2. Financial Statements and Accounting.

(a) From the Distribution Effective Time until the completion of each Party’s audit for the fiscal year ending December 31, 2019, each Party agrees to provide reasonable assistance and, subject to Section 7.6, reasonable access to its properties, books and records, other information in its possession and control and personnel, and to use its commercially reasonable efforts to cooperate with the other Party’s requests, in each case to enable (i) such other Party to meet its timetable for dissemination of its earnings releases, financial statements and management’s assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K, (ii) such other Party’s accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements of such other Party, including, to the extent applicable to such Party, its auditor’s audit, if applicable, of its internal control over financial reporting and management’s assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the Commission’s and Public Company Accounting Oversight Board’s rules and auditing standards thereunder and (iii) such other Party to respond to any written request or official comment from a Governmental Entity, including in connection with responding to a comment letter from the Commission; provided, that in connection with this clause (iii), each Party shall provide reasonable access on the terms set forth in this Section 7.2 for a period of three (3) years following the Distribution Date. For the avoidance of doubt, this Section 7.2(a) shall not limit in any manner the obligations of the Parties under any Ancillary Agreement.

(b) Nothing in this Article VII shall require any Party to violate any agreement with any Third Party regarding the confidentiality of information relating to that Third Party or its business; provided, however, that in the event that a Party is required under this Section 7.2 to disclose any such information, such Party shall use commercially reasonable efforts to seek to obtain such Third Party’s written consent to the disclosure of such information.

Section 7.3. Provision of Information. Other than in circumstances in which indemnification is sought pursuant to Article VI (in which event the provisions of such Article VI shall govern) or for matters related to provision of Tax records (in which event the provisions of the Tax Matters Agreement shall govern), and subject to appropriate restrictions for Privileged Information or Confidential Information:

(a) From and after the Distribution Effective Time, and subject to compliance with the terms of the Ancillary Agreements, upon the prior written reasonable request by, and at the expense of, Cycleron for specific and identified: (i) information that primarily relates to Cycleron or the Cycleron Pharmaceutical Business, as the case may be, prior to the Distribution Effective Time; (ii) information that is necessary for Cycleron to comply with the terms of, or otherwise perform under, any Shared Contract or Ancillary Agreement to which Ironwood and/or Cycleron are parties; (iii) copies of Ironwood templates and form documents used in the operation of the Cycleron Pharmaceutical Business; (iv) information that is otherwise required by Cycleron with regard to reasonable compliance with reporting, disclosure, filing or other requirements imposed on Cycleron (including under applicable securities laws) by a Governmental Entity having jurisdiction over Cycleron; or (v) information that is otherwise for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, Action or other similar requirements, as applicable, Ironwood shall provide, as soon as reasonably practicable following the receipt of such request, appropriate access or, to the extent such information is reasonably practicable to identify and extract, copies of such information, templates or forms (or the originals thereof if Cycleron has a reasonable need for such originals) in the possession or control of Ironwood or any of its Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of Cycleron or any of its Subsidiaries; provided, that, to the extent any originals are delivered to Cycleron pursuant to this Agreement, a Shared Contract or the Ancillary Agreements, Cycleron shall, at its own expense, return them to Ironwood within a reasonable time after the need to retain such originals has ceased; provided further, that, in the event that Ironwood, in its sole and absolute discretion, determines that any such access or the provision of any such information, templates or forms (including information requested under Section 7.2) would violate any Law or Contract with a Third Party or waive any attorney-client privilege, rights under the work product doctrine or other applicable privilege, Ironwood shall not be obligated to provide such information requested by Cycleron. Notwithstanding the foregoing, Ironwood shall not be obligated to provide any requested information pursuant to clause (iv) or (v) above following the date that is thirty-six (36) months from the date of this Agreement (or such later time or times as the Parties may agree).

(b) From and after the Distribution Effective Time, and subject to compliance with the terms of the Ancillary Agreements, upon the prior written reasonable request by, and at the expense of, Ironwood for specific and identified information that: (i) primarily relates to Ironwood or the New Ironwood Pharmaceutical Business, as the case may be, prior to the Distribution Effective Time; (ii) is necessary for Ironwood to comply with the terms of, or otherwise perform under, any Shared Contract or Ancillary Agreement to which Ironwood and/or Cycleron are parties; (iii) is otherwise required by Ironwood with regard to reasonable compliance with reporting, disclosure, filing or other requirements imposed on Ironwood (including under applicable securities laws) by a Governmental Entity having jurisdiction over Ironwood; or (iv) is otherwise for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, Action or other similar requirements, as applicable, Cycleron shall provide, as soon as reasonably practicable following the receipt of such request, appropriate access or, to the extent such information is reasonably practicable to identify and extract, copies of such information (or the originals thereof if Ironwood has a reasonable need for such originals) in the possession or control of Cycleron or any of its Subsidiaries, but only to the extent such items so relate and are not already in the

possession or control of Ironwood or any of its Subsidiaries; provided that, to the extent any originals are delivered to Ironwood pursuant to this Agreement, a Shared Contract or the Ancillary Agreements, Ironwood shall, at its own expense, return them to Cyclerion within a reasonable time after the need to retain such originals has ceased; provided further, that, in the event that Cyclerion, in its sole and absolute discretion, determines that any such access or the provision of any such information (including information requested under Section 7.2) would violate any Law or Contract with a Third Party or waive any attorney-client privilege, the work product doctrine or other applicable privilege, Cyclerion shall not be obligated to provide such information requested by Ironwood. Notwithstanding the foregoing, Cyclerion shall not be obligated to provide any requested information pursuant to clause (iii) or (iv) above following the date that is thirty-six (36) months from the date of this Agreement (or such later time or times as the Parties may agree).

(c) In connection with the provision of information under this Section 7.3, the providing Party shall be entitled to redact any portion of the information to the extent related to any matter other than the receiving Party's business. Each of Ironwood and Cyclerion agree to make their respective personnel available during regular business hours to discuss the information exchanged pursuant to this Section 7.3.

Section 7.4. Witness Services; Cooperation. At all times from and after the Distribution Effective Time, each of Ironwood and Cyclerion shall use its commercially reasonable efforts to make available to the other Party, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents (taking into account the business demands of such individuals) as witnesses to the extent that (i) such Persons may reasonably be required to testify in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved (except for claims, demands or Actions in which one or more members of one Group is adverse to one or more members of the other Group) and (ii) there is no conflict in the Action between the requesting Party and the other Party. Notwithstanding any provisions of Article VII to the contrary, after the Distribution Effective Time, each Party shall use commercially reasonable efforts to assist (or cause the other members of its Group to assist) the other with respect to any Action or potential Action upon the request of such other Party, provided that any such expenses incurred in connection therewith shall be at such other Party's sole expense.

Section 7.5. Reimbursement; Other Matters. Except to the extent otherwise contemplated by this Agreement or any Ancillary Agreement, a Party providing information, access to information or services to the other Party pursuant to this Article VII shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing), as may be reasonably incurred and properly paid under applicable Law in providing such information, access to such information or services.

Section 7.6. Confidentiality.

(a) Except as otherwise provided herein, in any Ancillary Agreement, or in any Contract between a Party or its Subsidiaries, on the one hand, and their respective employees, on the other hand, each of Ironwood and Cyclorion shall hold, and shall cause the other members of their respective Groups and their respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Ironwood's Confidential Information pursuant to policies and procedures in effect as of the Distribution Effective Time, and not disclose or release, or permit to be disclosed or released, all Confidential Information of the other Party that is either in the first Party's possession (including Confidential Information in its possession prior to the Distribution Effective Time) or furnished by the other Party or any member of its Group or their respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement, and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder or under any Ancillary Agreement. If any Confidential Information is disclosed to any member of the other Party's Group in connection with providing services to any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed Confidential Information shall be used by the applicable member of such other Party's Group only as required to provide such services.

(b) Notwithstanding anything the contrary in this Section 7.6, each Party may disclose, or may permit disclosure of, the other Party's Confidential Information: (i) to its Representatives who have a need to know such information for non-commercial purposes and are informed of the obligation to hold such information confidential and in respect of whose failure to comply with such obligations, the first Party will be responsible or (ii) if any Party or any other member of its Group is required or requested to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule or is advised by outside counsel in connection with an Action brought by a Governmental Entity that it is advisable to do so. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made by a Third Party pursuant to clause (ii) above, each Party, as applicable, shall promptly notify (to the extent permissible by Law) the Party to whom the Confidential Information relates of the existence of such requirement or request and shall provide such affected Party a reasonable opportunity to seek an appropriate protective order or other remedy, which such Party will cooperate in obtaining to the extent reasonably practicable. In the event that such appropriate protective order or other remedy is not obtained, the Party which faces the disclosure requirement shall furnish only that portion of the Confidential Information that is required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information.

(c) Each of Ironwood and Cyclorion shall inform their respective Representatives who have or have access to the other Party's Confidential Information of their obligation to hold such information confidential in accordance with the provisions of this Agreement.

(d) Without limiting the foregoing, when any Confidential Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party shall, at its option and as promptly as practicable after receiving a written request from the other Party, either (i) return to such other Party all such information in a tangible form

(including all copies thereof and all notes, extracts or summaries based thereon) or (ii) certify to such other Party that the first Party has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that such first Party's Representatives may retain one (1) copy of such information to the extent required by applicable Law or professional standards, and shall not be required to destroy any such information located in back-up, archival electronic storage; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(e) Each Party acknowledges that it and its respective Subsidiaries may presently have and, following the Distribution Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party (or another member of its Group), on the other hand, prior to the Distribution Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party (or another member of its Group) and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the other members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Distribution Effective Time or affirmative commitments or representations that were made before the Distribution Effective Time by, between or among the other Party (or other member(s) of its Group), on the one hand, and such Third Parties, on the other hand.

(f) For the avoidance of doubt and notwithstanding any other provision of this Section 7.6, (i) the sharing of Privileged Information shall be governed solely by Section 7.7, and (ii) information that is subject to any confidentiality provision or other disclosure restriction in any Ancillary Agreement shall be governed by the terms of such Ancillary Agreement.

Section 7.7. Privilege Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution Effective Time have been and will be rendered for the benefit of Ironwood and its Subsidiaries, including, as applicable, the members of the Cyclorion Group. Accordingly, with respect to such pre-Distribution services, the Parties agree as follows:

(i) (A) Ironwood shall be entitled, in perpetuity, to control the assertion or waiver of Privilege in connection with any Privileged Information that relates solely to the New Ironwood Pharmaceutical Business, whether or not the Privileged Information is in the possession or under the control of a member of the Ironwood Group or the Cyclorion Group and (B) Ironwood shall also be entitled, in perpetuity, to control the assertion or waiver of Privilege in connection with any Privileged Information that relates solely to any Ironwood Retained Liabilities, whether or not the Privileged

Information is in the possession or under the control of a member of the Ironwood Group or the Cycleron Group;

(ii) (A) Cycleron shall be entitled, in perpetuity, to control the assertion or waiver of Privilege in connection with any Privileged Information that relates solely to the Cycleron Pharmaceutical Business, whether or not the Privileged Information is in the possession or under the control of a member of the Cycleron Group or the Ironwood Group and (B) Cycleron shall also be entitled, in perpetuity, to control the assertion or waiver of Privilege in connection with any Privileged Information that relates solely to any Cycleron Liabilities, whether or not the Privileged Information is in the possession or under the control of a member of the Cycleron Group or the Ironwood Group;

(iii) If Ironwood and Cycleron in good faith do not agree as to whether certain information is Privileged Information, or whether certain Privileged Information is subject to Section 7.7(a)(i) or Section 7.7(a)(ii), then the information shall be treated as Shared Privileged Information subject to Section 7.7(b);

(iv) Cycleron agrees that it shall not (and shall cause the members of its Group not to) waive, or allege or purport to waive, any Privilege which could be asserted under any applicable Law, and in which Ironwood (or any member of its Group) may have a Privilege, without the written consent of Ironwood; and

(v) Ironwood agrees that it shall not (and shall cause the members of its Group not to) waive, or allege or purport to waive, any Privilege which could be asserted under any applicable Law, and in which Cycleron (or any member of its Group) may have a Privilege, without the written consent of Cycleron.

(b) The Parties agree that they shall have an equal right with respect to all Privileges related to legal and other professional services that have been and will be provided prior to the Distribution Effective Time not allocated pursuant to Section 7.7(a). With respect to such pre-Distribution services and related Privileged Information (“Shared Privileged Information”), the Parties agree as follows:

(i) Shared Privileged Information shall be subject to a shared Privilege among such Parties involved, or having an interest, in the claims, proceedings, litigation, disputes or other matters at issue;

(ii) No Party may (or cause or permit any member of its Group to) waive, or allege or purport to waive, any Privilege which could be asserted under any applicable Law with respect to Shared Privileged Information, without the written consent of the other Party, which shall not be unreasonably withheld or delayed;

(iii) If a dispute arises between or among the Parties or their respective Group members regarding whether a Privilege should be waived to protect or advance the interest of any Party (or members of its Group) with respect to Shared Privileged Information, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other Party and members of its Group, and

shall not unreasonably withhold consent to any request for waiver by the other Party, and each Party specifically agrees that it shall not withhold consent to waive for any purpose except in good faith to protect the legitimate interests of its Group; and

(iv) If, within fifteen (15) days of a Party's providing a written request to the other Party to waive a Privilege over Shared Privileged Information, the Parties have not succeeded in negotiating a resolution to any dispute regarding whether the Privilege should be waived with respect to such Shared Privileged Information, and the requesting Party determines that a Privilege should nonetheless be waived to protect or advance the legitimate interests of its Group, the requesting Party shall provide the objecting Party fifteen (15) days' written notice prior to effecting such waiver. Each Party specifically agrees that failure within fifteen (15) days of receipt of such notice to commence proceedings to enjoin such waiver or seek related relief, pursuant to Section 8.2(d) and under applicable Law, shall be deemed full and effective consent to such waiver. In the event proceedings are commenced as described above, the Parties agree that any such Privilege shall not be waived by either Party until the final determination of such dispute.

(c) The Parties agree that Shared Privileged Information shall continue to be held subject to Privilege from disclosure to third parties even if adversity of interest may subsequently be discerned or arise between Parties or their respective Group members. Further, in the event a Party or any member of its Group becomes adverse to the other Party or any member of its Group, each Party agrees that it shall not (and shall not cause or permit any member of its Group to) seek to disqualify any law firms who have or have had access to Shared Privileged Information from continuing to represent members of the other Party's Group, as applicable, solely by having, or having had access to such Shared Privileged Information.

(d) Nothing in this Section 7.7 shall be construed or interpreted to restrict the right or authority of the Parties to enter into any further written agreement concerning Privileged Information.

(e) The transfer of all information pursuant to this Agreement is made in reliance on the agreement of Ironwood or Cyclorion as set forth in Section 7.6 and this Section 7.7, to maintain the confidentiality of Privileged Information, and to assert and maintain any applicable Privilege according to the terms of this Section 7.7. The access to information being granted pursuant to Section 7.2 and Section 7.3, the agreement to provide witnesses and individuals pursuant to Section 7.4, the furnishing of notices and documents and other cooperative efforts contemplated by Section 6.4 and the transfer of Privileged Information between the Parties and the members of their respective Groups pursuant to this Agreement shall not be deemed a waiver of any Privilege that has been or may be asserted under this Agreement or otherwise.

Section 7.8. Ownership of Information. Any information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to this Article VII shall be deemed to remain the property of the providing Party. Unless expressly set forth herein, nothing contained in this Agreement shall be construed as granting a license or other rights to any Party with respect to any such information, whether by implication, estoppel or otherwise.

Section 7.9. Other Agreements. The rights and obligations granted under this Article VII are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of information set forth in any Ancillary Agreement.

ARTICLE VIII

DISPUTE RESOLUTION

Section 8.1. Negotiation. A party seeking resolution of (i) a controversy, dispute or Action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or the Ancillary Agreements or otherwise arising out of, or in any way related to, this Agreement or the Ancillary Agreements or the transactions contemplated hereby or thereby, including any Action based on contract, tort, statute or constitution, or (ii) a claim with respect to the inadvertent transfer or omission of an Asset or Liability as contemplated by the definition of “Ironwood Retained Asset”, “Ironwood Retained Liability”, “Cyclerion Asset” or “Cyclerion Liability”, respectively (collectively, “Disputes”) shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail (“Dispute Notice”). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided, that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cyclerion shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement or any Ancillary Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article VIII.

Section 8.2. Arbitration.

(a) Claims. Any Dispute that is not resolved pursuant to Section 8.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration before a panel of three (3) experts with relevant industry experience (the “Arbitrators”). One (1) Arbitrator shall be chosen by Ironwood and one (1) Arbitrator shall be chosen by Cyclerion within forty-five (45) of receipt of a Dispute Notice. The third (3rd) Arbitrator shall be chosen by mutual agreement of the Arbitrator chosen by Ironwood and the Arbitrator chosen by Cyclerion within fifteen (15) days of the date that the last of such Arbitrators was appointed. The Arbitrators shall be administered by the International Chamber of Commerce (the “Administrator”) in accordance with its then existing arbitrator rules or procedures regarding commercial or business disputes. The arbitration shall be held in Boston, Massachusetts. The Arbitrators shall be instructed by the Parties to complete the arbitration within ninety (90) days after selection of the third (3rd) Arbitrator, subject to extension by written agreement executed by both Parties.

(b) Arbitrators' Award. The Arbitrators shall, within fifteen (15) days after the conclusion of the arbitration hearing, issue a written award and statement of decision describing the essential findings and conclusions on which the award is based, including the calculation of any damages awarded. The decision or award rendered by the Arbitrators shall be final, binding, conclusive and non-appealable, and judgment may be entered upon it in accordance with the Laws of the Commonwealth of Massachusetts or any other court of competent jurisdiction. The Arbitrators shall be authorized to award compensatory damages, but shall not be authorized (i) to award non-economic damages, such as for emotional distress, pain and suffering or loss of consortium, (ii) to award punitive damages, or (iii) to reform, modify or materially change this Agreement or the Ancillary Agreements; provided, however, that the limitations described in the foregoing clauses (i) and (ii) shall not apply if such damages are statutorily imposed.

(c) Costs. Each Party shall bear its own attorney's fees, costs and disbursements arising out of the arbitration and the costs of the Arbitrator selected by it, and shall pay an equal share of the fees and costs of the third (3rd) Arbitrator; provided, however, that the Arbitrators shall be authorized to determine whether a Party is the prevailing Party, and if so, to award to that prevailing Party reimbursement for its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), and/or the fees and costs of the Administrator and the Arbitrators.

(d) Injunctive or Other Equity Relief. Nothing contained in this Agreement shall deny any Party the right to seek injunctive or other equitable relief in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing arbitration proceeding; provided, however, that any other relief not expressly permitted under this Section 8.2(d) must be pursued in accordance with Section 8.2(a), with all remedies being cumulative to the extent allowed by applicable Law. The parties further agree that irreparable harm would occur, and thus need not be established, in an action to enforce the confidentiality obligations of Section 7.6 or to resolve a privilege dispute under Section 7.7(b)(iv), and that such action may be brought pursuant to this Section 8.2(d). The Parties further agree that any action brought under this Section 8.2(d) shall be brought exclusively in the state or federal courts within the Commonwealth of Massachusetts and that such courts shall have personal jurisdiction over the Parties in such action.

Section 8.3. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement, any Shared Contract and each Ancillary Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

ARTICLE IX

INSURANCE MATTERS

Section 9.1. Rights to Ironwood Policies.

(a) Cyclorion acknowledges and agrees that, from and after the Distribution Effective Time, except as expressly provided in this Agreement or any Ancillary Agreement,

neither Cycleron nor any member of the Cycleron Group shall have any rights to or under any Policies of Ironwood, other than any insurance Policies acquired prior to the Distribution Effective Time, including any renewal thereof, directly by and in the name of Cycleron or a member of the Cycleron Group or as expressly provided in Section 6.5 or this Article IX. For the avoidance of doubt, Cycleron acknowledges and agrees that the Cycleron Group and not any member of the Ironwood Group shall be responsible for establishing any and all insurance programs covering the Cycleron Group for its activities after the Distribution Effective Time as may be required to comply with the Cycleron Group's contractual obligations and such other insurance Policies required by Law or as necessary or appropriate to operate the Cycleron Pharmaceutical Business, including with respect to general liability, product liability, workers' compensation, directors' and officers' liability and fiduciary liability.

(b) The Parties acknowledge that, as of the Distribution Date, Ironwood's director and officer liability insurance policies will continue to provide insurance coverage for directors and officers of Cycleron who served as directors or officers of Ironwood or any of its Subsidiaries prior to the Distribution Effective Time, but such coverage shall only extend to acts occurring prior to the Distribution Effective Time that would have been covered by Ironwood's director and officer liability insurance policy if such individual remained a director or officer of Ironwood. Such coverage shall also extend to employees with respect to securities law claims only. Ironwood agrees not to terminate or amend this coverage in a manner materially adverse to these individuals.

(c) This Agreement shall not be considered as an attempted assignment of any insurance Policy or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Ironwood Group in respect of any of the Ironwood insurance Policies and programs or any other contract or policy of insurance. Except as set forth in Section 9.1(b), the Ironwood Group may, at any time, without liability or obligation to any member of the Cycleron Group, amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any insurance Policies (and claims of the Cycleron Group pursuant to this Article IX shall be subject to any such amendments, commutations, terminations, buy-outs, extinguishments and modifications).

(d) No member of the Ironwood Group shall have any obligation to secure extended reporting for any claims under any of the Ironwood Group's claims-made or occurrence-reported liability policies for any acts or omissions by any member of the Cycleron Group occurring prior to the Distribution Effective Time.

Section 9.2. Claims. Nothing in this Article IX will be construed to limit or otherwise alter in any way the indemnity obligations of the Parties, including (i) with respect to the Cycleron Group, Cycleron Liabilities, (ii) with respect to the Ironwood Group, Ironwood Retained Liabilities and (iii) those created by this Agreement, by operation of law or otherwise. The Parties acknowledge that Ironwood has used its commercially reasonable efforts to structure its director and officer insurance Policies consistent with such indemnity obligations.

ARTICLE X

MISCELLANEOUS

Section 10.1. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, and the Ancillary Agreements shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, this Agreement shall control (except with respect to the Tax Matters Agreement, the IP License Agreement and the Employee Matters Agreement, in which case such Ancillary Agreement shall control). Except as expressly set forth in this Agreement or any Ancillary Agreement: (i) all matters to the extent relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by the Tax Matters Agreement and (ii) for the avoidance of doubt, in the event of any conflict between this Agreement or any Ancillary Agreement, on the one hand, and the Tax Matters Agreement, on the other hand, with respect to such matters, the terms and conditions of the Tax Matters Agreement shall govern.

Section 10.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 10.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 10.4. Survival of Agreements. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, all covenants and agreements of the Parties contained in this Agreement and each Ancillary Agreement shall survive the Distribution Effective Time and remain in full force and effect in accordance with their applicable terms.

Section 10.5. Fees, Costs and Expenses.

(a) Except as otherwise agreed to in writing by the Parties or as set forth on Schedule 10.5(a), all out-of-pocket fees, costs and expenses incurred at or prior to the Distribution Effective Time in connection with, and as required by, the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Distribution Disclosure Documents and the consummation of the transactions contemplated hereby and thereby, including the Separation, shall be borne and paid by Ironwood; provided, however, that Ironwood shall bear the expense of all recordation of Intellectual Property Transferred at or prior to the Distribution Effective Time pursuant to this Agreement, whether such recordation occurs prior to or after the Distribution Effective Time.

(b) Except as otherwise expressly provided in this Agreement (including this Section 10.5) or any Ancillary Agreement, as otherwise agreed to in writing by the Parties or as set forth on Schedule 10.5(b), each Party shall bear its own out-of-pocket fees, costs and expenses incurred or accrued after the Distribution Effective Time; provided, however, that, except as otherwise expressly provided in this Agreement, any fees, costs and expenses incurred in obtaining any Consents or novation from a Third Party in connection with the Transfer to or Assumption by a Party or its Subsidiary of any Assets or Liabilities in connection with the Separation shall be borne by the Party or its Subsidiary to which such Assets are being Transferred or which is Assuming such Liabilities.

(c) With respect to any post-Distribution expenses incurred pursuant to a request for further assurances granted under Section 2.7, the Parties agree that any and all fees, costs and expenses incurred by either Party shall be borne and paid by the requesting Party; it being understood that no Party shall be obliged to incur any Third Party accounting, consulting, advisor, banking or legal fees, costs or expenses, and the requesting Party shall not be obligated to pay such fees, costs or expenses, unless such fee, cost or expense shall have had the prior written approval of the requesting Party.

(d) Notwithstanding the foregoing, each Party shall be responsible for paying its own internal fees, costs and expenses (e.g., salaries of personnel).

Section 10.6. Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.6):

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

To Cycleron:

Cycleron Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: Chief Financial Officer

Section 10.7. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 10.8. Assignment. No Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (i) with respect to Ironwood, to a Subsidiary of Ironwood (so long as such Subsidiary remains a Subsidiary of Ironwood), (ii) with respect to Cyclerion, to a Subsidiary of Cyclerion (so long as such Subsidiary remains a Subsidiary of Cyclerion) or (iii) to a *bona fide* Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of a Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (i) and (ii), no assignment permitted by this Section 10.8 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 10.9. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 10.10. Termination and Amendment. This Agreement (including Article VI hereof) may be terminated, modified or amended, and the Distribution may be amended, modified or abandoned, at any time prior to the Distribution Effective Time by and in the sole and absolute discretion of Ironwood without the approval of Cyclerion or the stockholders of Ironwood. In the event of such termination, no Party shall have any liability of any kind to the other Party or any other Person by reason of such termination. After the Distribution Effective Time, this Agreement may not be terminated, modified or amended except by an agreement in writing signed by Ironwood and Cyclerion.

Section 10.11. Payment Terms.

(a) Except as set forth in Article VI or as otherwise expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount to be paid or reimbursed by a Party (and/or a member of such Party's Group) to the other Party (and/or a member of such other Party's Group) under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand therefor, in either case setting

forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as set forth in Article VI or as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate, from time to time in effect, plus two percent (2%), calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(c) Without the consent of the party receiving any payment under this Agreement specifying otherwise, all payments to be made by either Ironwood or Cyclerion under this Agreement shall be made in U.S. dollars. Except as expressly provided herein, any amount which is not expressed in U.S. dollars shall be converted into U.S. dollars by using the exchange rate published on Bloomberg at 5:00 p.m., Eastern time, on the day before the relevant date, or in *The Wall Street Journal*, Eastern Edition, on such date if not so published on Bloomberg. Except as expressly provided herein, in the event that any indemnification payment required to be made hereunder or under any Ancillary Agreement may be denominated in a currency other than U.S. dollars, the amount of such payment shall be converted into U.S. dollars on the date notice of the claim is given to the Indemnifying Party.

Section 10.12. Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party at or after the Distribution Effective Time, in each case to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 10.13. Third Party Beneficiaries. Except (i) as provided in Article VI relating to Indemnitees and for the releases under Section 6.1 of any Person as provided therein and (ii) as specifically provided in any Ancillary Agreement, this Agreement is solely for the benefit of the Parties and shall not be deemed to confer upon any Person other than the Parties any remedy, claim, liability, reimbursement, cause of Action or other right beyond any that exist without reference to this Agreement.

Section 10.14. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 10.15. Exhibits and Schedules.

(a) The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

(b) Subject to the prior written consent of the other Party (not to be unreasonably withheld or delayed), each Party shall be entitled to update the Schedules from and after the date hereof until the Distribution Effective Time.

Section 10.16. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the Laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of Laws.

Section 10.17. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.18. Public Announcements. From and after the Distribution Effective Time, Ironwood and Cyclerion shall consult with each other before issuing, and each shall give the other the opportunity to review and comment upon, that portion of any press release or other public statement, including a statement made to its investors, that relates to the transactions contemplated by this Agreement or the Ancillary Agreements, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; (b) for disclosures made that are substantially identical to disclosure contained in any Distribution Disclosure Document or any prior written public statement not made in violation of this Section 10.18; or (c) with respect to a Party, for disclosure concerning the ordinary course operation of such Party's business (other than any Dispute), notwithstanding that the disclosure may relate to arrangements under the Development Agreement or Transition Services Agreements (including the exhibits and schedules thereto).

Section 10.19. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 10.20. No Duplication; No Double Recovery. Nothing in this Agreement or any Ancillary Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances (including with respect to the rights, entitlements, obligations and recoveries that may arise out of one or more of Section 6.2, Section 6.3, Section 6.4, Section 6.5 and Section 6.6).

Section 10.21. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder or under the other Ancillary Agreements shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.22. No Admission of Liability. The allocation of Assets and Liabilities herein (including on the Schedules hereto) is solely for the purpose of allocating such Assets and

Liabilities between Ironwood and Cycleron and is not intended as an admission of liability or responsibility for any alleged Liabilities vis-à-vis any Third Party.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert
Name: Halley Gilbert
Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett
Name: William Huyett
Title: President

[Signature Page to Separation Agreement]

TRANSITION SERVICES AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of April 1, 2019

TRANSITION SERVICES AGREEMENT

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this “Agreement”), dated as of April 1, 2019 (the “Effective Date”), is entered into by and between Ironwood Pharmaceuticals, Inc. (“Ironwood”), a Delaware corporation, and Cycleron Therapeutics, Inc. (“Cycleron”), a Massachusetts corporation. “Party” or “Parties” means Ironwood or Cycleron, individually or collectively, as the case may be.

WITNESSETH:

WHEREAS, in conjunction with a Separation Agreement between Ironwood and Cycleron of even date hereof (the “Separation Agreement”), Cycleron desires to obtain certain transition services from Ironwood, and Ironwood is willing to provide such services to Cycleron on the terms and conditions set forth in this Agreement; and

WHEREAS, the Parties acknowledge that the efficient and effective transition of Services (as defined below) under this Agreement in a manner that permits the successful operations of each Party following the Effective Date is a priority to the shareholders of each Party.

NOW, THEREFORE, in consideration of the foregoing and the respective warranties, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. General. Capitalized terms not defined in this Agreement have the meanings assigned to them in the Separation Agreement. As used herein, the following terms have the following meanings:

(1) “Additional Service” shall have the meaning set forth in Section 2.6.

(2) “Force Majeure” shall have the meaning set forth in Section 11.6.

(3) “FTE Rate” means the amount to be paid per full-time equivalent of Service Provider under this Agreement on an annual basis.

The FTE Rate as of the Effective Date will be three hundred and fifteen thousand dollars (\$315,000), as such rate may be amended from time to time by the mutual written consent of the Parties. The FTE Rate for a full-time equivalent for a calendar month shall equal one-twelfth (1/12th) of the foregoing annual rate and the FTE Rate for a full-time equivalent for a calendar quarter shall equal one-fourth (1/4th) of the foregoing annual rate. For clarity, the FTE Rate shall not include any Expenses.

(4) “Internal Costs” shall mean, for any Services conducted during a given period of time during the Term, (a) the FTE Rate *plus* eight percent (8%) of such FTE Rate *multiplied* by the number of full-time equivalents of Service Provider performing such Services in accordance with this Agreement during such period of time *plus* (b) any other costs directly related to the provision of such Services during such period of time under this Agreement, as

agreed upon between the Parties in writing. For the avoidance of doubt, Internal Costs do not include Third Party Costs or Expenses.

(5) “Migration Plan” shall have the meaning set forth in Section 2.12.

(6) “Omitted Service” shall have the meaning set forth in Section 2.5.

(7) “One-Time Costs” shall have the meaning set forth in Section 3.1.

(8) “Service Provider” means, as the context may require, Ironwood or, if not Ironwood, the Person providing the Services on behalf of Ironwood, including any of its Affiliates (it being agreed and understood that, for purposes of this Agreement, Ironwood shall cause each such Person to comply with the provisions of this Agreement applicable to such Person in such Person’s capacity as a “Service Provider”).

(9) “Services” means (a) all of the services to be provided by or on behalf of a Service Provider under this Agreement described on Schedule I hereto, as such Schedule may be updated and supplemented from time to time in accordance with the provisions of this Agreement, (b) any Omitted Services and (c) any Additional Services. “Service” means each such service.

(10) “Term” means the period commencing on the date hereof and ending, subject to Section 6.1, upon the expiration of all Services set forth in Schedule I.

(11) “Third Party” means any person or entity other than Ironwood, Cycleron or their Affiliates.

(12) “Third Party Costs” means the price paid by Ironwood or its Affiliates to a Third Party (not in its capacity as a Service Provider) for all applicable Services provided by such Third Party to Ironwood or its Affiliates that are directly allocable to the provision of Services hereunder. For clarity, there shall be no mark-up added to Third Party Costs under this Agreement, unless such mark-up was actually paid by Ironwood or its Affiliates to a Third Party.

Section 1.2. Interpretation. Except where the context otherwise requires, the singular will include the plural, the plural will include the singular, the use of any gender will be applicable to all genders, and the word “or” means “and/or.” References to a number of days, unless otherwise specified, means calendar days. The captions of this Agreement are for convenience of reference only and do not define, describe, extend or limit the scope or intent of any provision contained in this Agreement. The terms “including,” “include,” or “includes” are not intended to limit generality of any description preceding such term. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party. Unless otherwise expressly specified, references to Ironwood include Ironwood’s Affiliates, and references to Cycleron include Cycleron’s Affiliates.

ARTICLE II

SERVICES

Section 2.1. General. During the Term, subject to Section 2.2, Ironwood shall (and shall cause each Service Provider providing Services to) provide to Cycleron and, to the extent directed by Cycleron, its Affiliates, the Services, in each case subject to the terms and conditions set forth herein. Notwithstanding anything to the contrary herein, a Service Provider shall not be required to perform or cause to be performed any of the Services for the benefit of any Person other than Cycleron and its Affiliates. The Parties agree to negotiate in good faith any proposed changes to the Services, including pricing related thereto, during the Term. Such proposed changes will become effective only upon mutual agreement of the Parties as reflected in an addendum to Schedule I. If there is any inconsistency between the terms of Schedule I and the terms of this Agreement, the terms of this Agreement will govern. The Parties acknowledge and agree that the Services are generally intended to facilitate the transactions contemplated by the Separation Agreement, and, to the extent Services described in Schedule I are general in nature, are solely intended to support the continued operation of the Cycleron Business and the Cycleron Product Candidates.

Section 2.2. Standard for Services. Ironwood shall use commercially reasonable efforts to provide, or cause to be provided, to Cycleron the Services in accordance with the terms and conditions of this Agreement. Ironwood shall provide, or cause to be provided, the Services in a manner (i) in compliance in all material respects with all applicable Laws and (ii) generally consistent with the provision of the Services during the twelve (12) months immediately prior to the date hereof (the "Prior Period"); provided that if a Service Provider has not previously provided a Service to another Person, the Service Provider shall provide such Service in a manner generally consistent with the provision of similar services provided to its Affiliates or businesses. To the extent a more specific standard of care is specified in Schedule I with respect to any Service, a Service Provider shall use its commercially reasonable efforts to comply with such more specific standard. It is the Parties' shared objective to transition responsibility for the performance of all Services from Service Provider to Cycleron and its Affiliates in a manner that minimizes, to the extent reasonably possible, disruption to the business operations of Service Providers and their Affiliates and the business operations of Cycleron and its Affiliates. Notwithstanding any provision of this Agreement or the Separation Agreement to the contrary, no Service Provider shall be required to (a) perform any Service in any manner that violates or contravenes any restrictions imposed on the Service Provider by applicable Law, (b) perform any Service in any manner that breaches or contravenes any contractual obligations owed by the Service Provider to any Third Party(ies) or (c) perform any Service to the extent that the conduct of such would, in the good faith belief of Service Provider, infringe, violate or misappropriate intellectual property rights of any Third Party. Notwithstanding any provision of this Agreement to the contrary, but without limiting a Service Provider's obligations under Section 2.1 or Section 2.2, in no event shall Ironwood or any of its Affiliates be (i) obligated to make any specific employment decisions in terms of hiring and terminating employees; (ii) obligated to enter into retention agreements with employees or otherwise provide any incentive beyond payment of regular salary and benefits; (iii) prevented from transferring after the Effective Date any employees who were supporting the Cycleron Product Candidates as of the Effective Date to support other products for Ironwood or its Affiliates or to assume other roles with Ironwood or its Affiliates to the extent such employees are not

required to provide Services; (iv) prevented from determining, in its sole discretion, the individual employees or contractors who provide Services; (v) obligated to purchase, lease or license any additional equipment or software, except as specifically provided for in Schedule I; or (vi) obligated to create or supply any documentation or information not currently existing or reasonably available, except as specifically provided for in Schedule I.

Section 2.3. Protection of Ironwood Information Systems

(a) In providing information technology Services to Cycleron, Ironwood shall have the right to implement reasonable processes from time to time under which there will be no greater threat to Ironwood's information technology operating environment than would exist in the absence of the provision of such Services. Without limiting the foregoing, Cycleron shall, and shall cause each of its employees with access to Ironwood's information technology operating environment to, comply with the terms and conditions of Ironwood's IT Acceptable Use Policy set forth in Exhibit C hereunder as may be amended from time to time upon written notice by Ironwood to Cycleron (such policy, the "IT Acceptable Use Policy").

(b) If, in connection with the provision of any Services under this Agreement, it is reasonably necessary for Ironwood to implement any information technology connections, firewalls or the like ("Information System Additions") specifically in connection with the provision of such Services and that would not have otherwise been implemented in the absence of the provision of the Services, the costs of implementing such Information System Additions shall be borne by Cycleron, unless specifically provided otherwise in Schedule I hereto or otherwise agreed to in writing by Ironwood.

Section 2.4. Transitional Nature of the Services; Changes.

(a) Cycleron understands that the Services provided hereunder are transitional in nature and are furnished by the Service Providers as an accommodation and for the purpose of facilitating the transactions contemplated by the Separation Agreement. Each of the Parties agrees to cooperate in good faith and use, and shall cause its Affiliates to use, commercially reasonable efforts to effect a smooth transition from the Services as provided by the Service Provider to services performed by Cycleron or furnished by another party as soon as practically possible, but in no case later than the expiration of the Term. Cycleron further understands that the Service Providers are not in the business of providing Services to Third Parties and shall not provide Services beyond the Term.

(b) Cycleron acknowledges and agrees that Ironwood or its Affiliates may make changes from time to time in the manner of performing the Services if Ironwood or its Affiliates (i) are making similar changes in the performance of similar services for itself or their own Affiliates or would have made in performing similar services for their own Affiliates; and (ii) furnish to Cycleron notice with respect to such changes, and if applicable, substantially the same notice (in content and timing) as Ironwood or its Affiliates shall furnish to their own Affiliates with respect to such changes; and (iii) reasonably considers reasonable concerns of Cycleron in implementing any such changes.

Section 2.5. Omitted Services. If, during the sixty (60) day period immediately following the date of this Agreement, either Party identifies a service that was provided in connection with the Cycleron Business (other than those services expressly excluded hereunder) during the Prior Period, or which are reasonably anticipated as of the date hereof to be necessary to continue to support the Cycleron Business during the Term, but such services were inadvertently omitted from the list of Services in Schedule I hereto (each, to the extent included in the Services pursuant to this Section, an “Omitted Service”) and notifies the other Party thereof, then the Parties shall enter into good faith discussions as to whether such Omitted Service should be added as a Service hereunder, taking into account considerations such as whether the provision of such Service would be commercially reasonable from Service Provider’s perspective and whether the Omitted Service can be obtained from a provider other than the Service Provider at comparable or lower expense. If the Parties determine that an Omitted Service will be provided under this Agreement, then the Parties shall cooperate to amend Schedule I to add such Omitted Service as a Service, provided that, notwithstanding anything to the contrary in this Agreement, Service Provider shall not be obligated to provide any Omitted Service if it does not, in its reasonable judgment, have adequate resources to provide such Omitted Service or if the provision of such Omitted Service would significantly disrupt the operation of its business. In the event that the Parties agree that a Service Provider should provide any such Omitted Service, the Parties shall execute amendments to Schedule I for such Omitted Service that will set forth, among other things, (a) the time period during which such Omitted Service will be provided, (b) a description of such Omitted Service in reasonable detail, (c) primary points of contact for each of the Parties with respect to the Service, (d) any Internal Costs or One-Time Costs related to such Omitted Service and agreed upon by the Parties and (e) any additional terms and conditions specific to such Omitted Service. A Service Provider’s obligations with respect to providing any such Omitted Service shall become effective only upon mutual agreement of the Parties as reflected in an amendment to Schedule I being duly executed and delivered by each Party. Notwithstanding the foregoing, the time period for any such Omitted Service will expire not later than the expiration of the Term as calculated prior to the addition of such Omitted Service unless the Parties mutually agree otherwise.

Section 2.6. Additional Services. The Parties hereto acknowledge that Schedule I might not identify all of the Services that, although not provided in connection with the Cycleron Business during the Prior Period, may be necessary or appropriate to effect the understanding set forth in this Agreement. Cycleron may request such additional Services from a Service Provider (each, to the extent included in the Services pursuant to this Section 2.6, an “Additional Service”) in writing during the Term. A Service Provider shall consider any such request for Additional Services promptly and in good faith, except to the extent such request is for Omitted Services (in which case Section 2.5 shall govern) or for services intentionally not included by mutual agreement of the Parties as part of the Services as of the Effective Date. In the event that the Parties agree that a Service Provider should provide any such Additional Service, the Parties shall execute amendments for such Additional Service to Schedule I that will set forth, among other things, (a) the time period during which such Additional Service will be provided, (b) a description of such Additional Service in reasonable detail, (c) primary points of contact for each of the Parties with respect to the Service, (d) any Internal Costs or One-Time Costs related to such Additional Service and agreed upon by the Parties and (e) any additional terms and conditions specific to such Additional Service. A Service Provider’s obligations with respect to providing any such Additional Service will become effective only upon mutual agreement of the Parties as reflected

in an amendment to Schedule I being duly executed and delivered by each Party. Notwithstanding the foregoing, the time period for any such Additional Service will expire not later than the expiration of the Term as calculated prior to addition of such Additional Service unless the Parties agree otherwise.

Section 2.7. Use of Third Parties. Cycleron understands that certain Services may be provided to it by a Service Provider pursuant to agreements between the Service Provider and various Third Parties. To the extent not prohibited by a Third Party and with Cycleron's consent (not to be unreasonably withheld, conditioned or delayed), the Service Provider shall coordinate the provision of Services by the Third Party to Cycleron, and Cycleron shall reasonably cooperate with any Third Party providing Services on behalf of the Service Provider in order to facilitate the provision and receipt of such Services.

Section 2.8. Cooperation. Cycleron and its Affiliates who are recipients of the Services shall reasonably cooperate with each Service Provider in order to facilitate the provision and receipt of the Services. Cycleron acknowledges that such Services are dependent on such reasonable cooperation, and that its or its Affiliates' failure to so cooperate, if not reasonable, will relieve the Service Provider of its obligation to provide the related Services to the extent such failure renders such provision impractical or impossible. Cycleron and its Affiliates who are recipients of the Services shall comply in all material respects with all applicable policies and procedures of the Service Provider.

Section 2.9. Location of Services Provided; Access. Each Service Provider shall provide the Services to Cycleron from locations of the Service Provider's choice in its sole discretion unless Services are required to be performed at a specific location identified in Schedule I. Certain key personnel of the Service Providers who are expected to be utilized to perform Services may be required to travel to the offices of Cycleron or between Service Provider locations. Each Party shall allow the other Party and its Affiliates and Representatives reasonable access to the facilities of such Party and its Affiliates that is necessary for each Service Provider to provide Services or for Cycleron and its Affiliates to receive the Services in accordance with this Agreement, subject to applicable confidentiality and non-use restrictions consistent with those set forth in this Agreement. Each Party agrees that all of its and its Affiliates' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of the other Party or any of its Affiliates, or when given access to any facilities, information, systems, infrastructure or personnel of the other Party or any of its Affiliates, conform to the policies and procedures of such other Party and any of its Affiliates, as applicable, concerning health, safety, conduct and security which are made known to the Party receiving such access from time to time.

Section 2.10. Performance. Any Party may cause any of its Subsidiaries to perform any or all of its obligations hereunder, and may designate any of its Subsidiaries to receive any of its entitlements hereunder. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party at or after the Distribution Effective Time, in each case to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 2.11. Intellectual Property.

(a) Neither Party will gain, by virtue of this Agreement, any rights of ownership or use of copyrights, patents, trade secrets, trademarks, know-how or any other intellectual property rights ("Intellectual Property Rights") owned by the other Party or its Affiliates. To the extent any Intellectual Property Rights are developed by Ironwood or its Affiliates in the course of the performance of the Services that relate exclusively to the Cyclерion Product Candidates or Cyclерion Business (the "Cyclерion Intellectual Property Rights"), all right, title and interest in and to any such Intellectual Property Rights will be the sole and exclusive property of Cyclерion, and Ironwood shall (and shall cause its Affiliates to) assign, and does hereby assign, to Cyclерion all right, title and interest in and to any such Cyclерion Intellectual Property Rights. Except as expressly specified in the foregoing, as between the Parties, all right, title and interest in any Intellectual Property Rights developed by or on behalf of Ironwood in the course of providing the Services will be owned by Ironwood. To the extent that Ironwood performs any Services through any Affiliate or subcontractor, Ironwood shall obligate such Affiliate or such subcontractor to assign to Cyclерion all Cyclерion Intellectual Property Rights, and Ironwood shall not utilize any such Affiliate or subcontractor in the performance of such Services unless such Affiliate or subcontractor is so obligated.

(b) Solely for and with respect to the performance of Services and other activities under this Agreement during the Term, Cyclерion (on behalf of itself and its Affiliates) hereby grants to each Service Provider a non-exclusive, royalty-free, non-transferable license and right of reference, with the right to grant further licenses and rights of reference, to all intellectual property, Regulatory Approvals, Regulatory Submissions and records included within the Cyclерion Product Candidates that are necessary to perform the Services solely to perform the Services and other obligations of Ironwood or a Service Provider under this Agreement.

Section 2.12. Migration Plan. The plan for the migration of Services from Ironwood to Cyclерion is set forth in Exhibit B hereunder (the "Migration Plan"). During the Term, the Parties (i) shall use commercially reasonable efforts to perform their respective obligations under the Migration Plan and (ii) may mutually amend or supplement the Migration Plan.

ARTICLE III

FEES AND PAYMENT

Section 3.1. Fees. The fees payable hereunder for Services (the "Fees") will be equal to (i) the Service Provider's Internal Costs for such Services plus (ii) the Service Provider's Third Party Costs for such Services. Cyclерion shall also pay the Service Provider for all of the reasonable, documented one-time costs and expenses, if any, incurred by the Service Provider in order to enable the Service Provider to provide and to terminate Services as contemplated hereby, including costs for adapting the Service Provider's systems to be able to interface with Cyclерion's systems for provision of the Services, if reasonably required (the "One-Time Costs"); provided, however that Ironwood shall not incur any One-Time Cost (on an event-by-event basis) over five thousand dollars (\$5,000) that is not specifically identified in Schedule I without Cyclерion's prior written consent, not to be unreasonably withheld, conditioned or delayed. The Parties agree that they have used reasonable good faith efforts to identify One-Time Costs in excess of five thousand

dollars (\$5,000) on Schedule I as of the Effective Date and, in the event that Cyclorion declines to consent to any One-Time Cost for a Service pursuant to this Section 3.1, Service Provider shall not be required under this Agreement to perform such Service to the extent such Service cannot be performed without payment of such One-Time Cost.

Section 3.2. Expense. The Fees are exclusive of expenses related to travel (including long-distance and local transportation, accommodation and meal expenses and other incidental expenses) by the Service Provider's personnel or any subcontractor in connection with performing the Services. All of the costs and expenses described in this Section 3.2 ("Expenses") will be charged by the Service Provider to the recipient of such Service on a pass-through basis. For the avoidance of doubt, the Expenses described in this Section 3.2 will be consistent with the Service Provider's general approach with respect to such types of costs and expenses; provided, that with respect to any Service, the recipient of such Service's prior written approval will be required to the extent that Expenses exceed fifteen percent (15%) of the Fees paid and payable to the Service Provider for such Service in any calendar quarter. For clarity, there shall be no mark-up added to Expenses under this Agreement, unless such mark-up was actually paid by the Service Provider's personnel or subcontractor.

Section 3.3. Quarterly Statements. Ironwood will furnish Cyclorion with a preliminary statement six (6) Business Days after the close of each calendar quarter and a final statement ten (10) Business Days after the close of each calendar quarter, each such statement to be in the form attached as Exhibit D (each, a "Quarterly Statement"), which Quarterly Statement shall reflect Ironwood's good faith estimate of, on a Service-by-Service basis: (a) the Fees payable for the Services provided by the Service Provider to Cyclorion for the preceding calendar quarter (itemized to reflect Internal Costs and Third Party Costs), (b) any Expenses payable for the preceding calendar quarter and (c) any One-Time Costs payable for the preceding calendar quarter, in each case as incurred in accordance with this Agreement.

Section 3.4. Invoice. Not later than twenty-five (25) days after the last day of each calendar quarter (or, if the Term ends during a calendar quarter, the last day of the Term), Ironwood shall provide to Cyclorion an invoice for the preceding calendar quarter, which will list (a) the Services provided by the Service Provider to Cyclorion for the preceding calendar quarter, (b) the Fees payable for such Services (and reasonable documentation supporting such Fees, to the extent requested by Cyclorion) for the preceding calendar quarter (itemized to reflect Internal Costs and Third Party Costs) (c) any Expenses (and reasonable documentation supporting such Expenses, to the extent requested by Cyclorion) for the preceding calendar quarter and (d) any One-Time Costs (and reasonable documentation supporting such costs and expenses, to the extent requested by Cyclorion) for the preceding calendar quarter, in each case as incurred in accordance with this Agreement. Cyclorion shall pay the amount stated in such invoices in full within thirty (30) days of the issuance of the invoices (or, if such date is not a Business Day, then on the immediately succeeding Business Day) to an account designated by Ironwood, except to the extent such amount is the subject of a good faith dispute by Cyclorion as notified in writing to Ironwood.

Section 3.5. Late Payments. Without prejudice to the Service Provider's other rights and remedies, where any sum remains unpaid after the applicable due date, it will carry interest, which will accrue daily, from the due date until the date of actual payment, at a rate based on the prime rate listed in the Wall Street Journal (Bond Yields and Rates) on the date such sum is due

and payable plus two percent (2%). Notwithstanding the preceding, if a Party contests any amounts due hereunder in good faith and promptly notifies the other Party of such dispute, interest will not accrue as to amounts being so contested until and unless the dispute is resolved in the payee Party's favor.

Section 3.6. Taxes. Cycleron shall make all payments to a Service Provider for any Service without deduction or withholding for taxes including income tax withholding, Value Added Tax ("VAT"), duties, sales tax or a similar tax except to the extent any such deduction or withholding is required by the tax laws of any federal, state, provincial or foreign government. In the event a deduction or withholding for taxes is applicable, Cycleron shall submit such deduction or withholding for taxes to the appropriate governmental authority and shall provide a tax certificate to Service Provider. In the event VAT or sales tax applies to the services provided, a Service Provider shall invoice such tax to Cycleron, as a reimbursable expense, and a Service Provider shall remit such tax to the relevant government authority. Service Provider and Cycleron shall mutually cooperate to minimize any amount of tax assessed in respect of the performance of Services hereunder or as a deduction or withholding of taxes, including through the prompt completion and filing of any relevant tax forms with the relevant tax authorities.

Section 3.7. No Right to Set-Off. Each Party hereto acknowledges and agrees that it shall not be permitted to set-off any amount owed by such Party pursuant to this Agreement against any amount or obligation owed to such Party or an Affiliate hereunder or pursuant to the Separation Agreement or any other Ancillary Agreement.

ARTICLE IV

SERVICE MANAGEMENT

Section 4.1. Service Managers. Ironwood and Cycleron shall each appoint an employee to have overall responsibility for managing and coordinating the delivery of Services in accordance with this Agreement (such employee, a "Service Manager"). The initial Service Managers will be identified on Exhibit A hereto or otherwise designated by each of the Parties prior to the Distribution Effective Time, and may thereafter be replaced from time to time upon written notice to the other Party. Service Managers shall consult and coordinate with one another regarding the provision of Services hereunder.

Section 4.2. Service Coordinators. Each Party has designated an employee or title as the principal point of contact for the day-to-day implementation or monitoring of each Service as specified in Schedule I (each, a "Service Coordinator"). The Parties shall direct communications relating to specific Services to the applicable Service Coordinators. The Service Coordinators shall report to the applicable Service Manager from time to time, as directed by the Service Manager.

ARTICLE V

SUB-CONTRACTING; THIRD PARTY AGREEMENTS

Section 5.1. **Sub-Contractors.** Upon Cycleron's consent, not to be unreasonably withheld, conditioned or delayed, a Service Provider may delegate or sub-contract its duties under this Agreement to a qualified Third Party, provided that, notwithstanding such delegation or sub-contracting, the Service Provider will remain liable for the performance of its duties hereunder and shall ensure and guaranty that any Services provided by a subcontractor shall meet Service Provider's obligations set forth in Section 2.2(i) and (ii). In the event any such consent is not granted, Service Provider shall not have any liability resulting from any delay in providing any such Service. For the avoidance of doubt, Service Provider will not be liable with respect to any agreement entered into directly by Cycleron (or its Affiliates) and a subcontractor, other than as mutually agreed in writing by the Parties hereto.

Section 5.2. **Third Party Agreements.** Cycleron acknowledges that the Services that were provided through Third Parties prior to the date hereof are subject to the terms and conditions of any applicable agreements between the Service Provider and such Third Parties, and Cycleron agrees to comply with such terms and conditions to the extent applicable to Cycleron and necessary for purposes of receiving such Services by Cycleron. For any Service to be delegated to a Third Party after the date hereof, and so long as any such Service is provided solely to Cycleron and not to a Service Provider or any Affiliates of Service Provider, the Service Provider shall provide Cycleron with a copy of any agreement contemplated to be entered into with such Third Party in relation to such Service and, as set forth in Section 5.1, seek Cycleron's consent to such delegation, which consent may not be unreasonably withheld, delayed or conditioned.

Section 5.3. **Consents.** Notwithstanding anything to the contrary contained herein, each Service Provider shall use commercially reasonable efforts to obtain all consents from vendors that are necessary in order to provide any of the Services to Cycleron under this Agreement; provided, however, that a Service Provider will not be required to pay any out-of-pocket fees to any vendor in order to obtain such consent, but will, instead, request that Cycleron pay such out-of-pocket fees. In the event that a Service Provider is unable to obtain any such consent, Ironwood's sole liability and obligation and Cycleron's sole remedy will be to require the Parties hereto to work together to agree upon a commercially reasonable alternative arrangement, which may include identification of alternate resources and equivalent services from such alternative resources on commercially reasonable terms. Any costs specified in the second sentence of Section 3.1 and any actual out-of-pocket fees levied on a Service Provider (a) in connection with its efforts to obtain and implement such consents and (b) in connection with the implementation of any such commercially reasonable alternative arrangement, will be borne by Cycleron. For the avoidance of doubt, any costs incurred by a Service Provider in connection with obtaining consents prior to the Distribution Effective Time will be borne by Ironwood.

ARTICLE VI

TERM AND TERMINATION AND EFFECTS OF TERMINATION

Section 6.1. Termination. Except as otherwise provided herein or unless otherwise agreed in writing by the Parties hereto, a Service Provider's obligation to provide or procure, and Cycleron's obligation to purchase, each Service shall cease as of the end of the term specified for such Service in Schedule I hereto, and the Agreement will terminate in its entirety at the end of the Term; provided that (a) this Agreement may be extended, with respect to one or more Services, by mutual written agreement of the Parties, consent to which extension shall be in each Party's absolute discretion, provided that such extension shall be limited to one period of up to six (6) months following the initial Term of the Service and (b) in the event that a Service shall not have been transitioned to Cycleron solely as a result of a material breach by Ironwood of its obligations under the Migration Plan, the term for such Service will be extended solely for such period as shall be necessary for Ironwood to cure such material breach; provided that the breach is curable with the use of commercially reasonable efforts and is not related to a Service that could reasonably be obtained or performed by Cycleron itself.

Section 6.2. Termination for Breach. In the event that a Party hereto commits a material breach with respect to any of the Services, the other Party may terminate this Agreement with respect to such Service only, unless such breach is cured not later than thirty (30) days after receipt by the breaching Party of written notice of such breach.

Section 6.3. Early Termination of a Service. Subject to the restrictions set forth herein, if Cycleron should wish to terminate a Service (in whole, but not in part), Cycleron shall provide written notice to the Service Provider not later than forty-five (45) days prior to the requested termination date for such Service; provided, however, that no such notice of termination may be delivered to the Service Provider during the forty-five (45) day period immediately following the date hereof. Notwithstanding the foregoing provisions, the Parties hereto acknowledge and agree that, in certain instances, terminating certain Services may require time periods longer than the forty-five (45) day period specified in this Section 6.3. In any such event, the Parties agree to negotiate in good faith a longer period of time for any and all such transfers following the termination notice. Cycleron will remain liable for any Fees or other amounts payable hereunder in connection with the terminated Service(s) incurred prior to the effective date of termination of such Service(s), including in the event that such terminated Services contemplated a deliverable that was not provided due to such early termination. Cycleron acknowledges and agrees that (a) Services provided by Third Parties may be subject to term-limited licenses and contracts between a Service Provider and applicable Third Parties (collectively, "Provider Third Party Contracts"), (b) the renewal periods under the Provider Third Party Contracts may be for fixed periods and (c) a Service Provider may not have the right to renew certain Provider Third Party Contracts. As a result, Cycleron agrees that (i) if Service Provider is required to extend any Provider Third Party Contract in order to continue to provide any Service during the Term, then Service Provider shall notify Cycleron and, if Cycleron informs Service Provider within twenty (20) days of such notice that it wishes to continue to receive such Service, then Cycleron shall be required to pay Service Provider the amount of any renewal fees or purchase commitments applicable to the relevant Service for the full renewal period specified in the applicable Provider Third Party Contract, regardless of whether the Term or Service Provider's provision of the

relevant Service ends prior to the end of the relevant renewal period and (ii) a Service Provider shall not be required to provide any Service to the extent it is unable to renew any applicable Provider Third Party Contract or Cycleron either informs Service Provider that it does not wish to continue to receive such Service under this Section 6.3 or does not respond to Service Provider's notice in the applicable 20-day period.

Section 6.4. Termination Upon Insolvency. Either Party may terminate this Agreement immediately in the event the other Party (a) becomes insolvent, (b) is generally unable to pay, or fails to pay, its debts as they become due, (c) files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law, (d) makes or seeks to make a general assignment for the benefit of its creditors, or (e) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property or business.

Section 6.5. Accrued Rights. Termination or expiration of this Agreement for any reason will be without prejudice to any rights that have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration will not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

Section 6.6. Effect of Termination. Not later than thirty (30) days following the date it receives a final invoice from a Service Provider following termination or expiration of any Services or this Agreement, Cycleron shall pay to the Service Provider all remaining monies due to the Service Provider hereunder in respect of Services provided prior to such termination or expiration except for any amounts then the subject of a good faith dispute. In addition, at the end of the Term, each Party hereto shall, at the disclosing Party's option, return or destroy the Confidential Information of the disclosing Party. In the event that the disclosing Party elects destruction, the other Party shall furnish to the disclosing Party a written certificate of destruction signed by an officer of the certifying Party. Any provision which by its nature should survive, including the provisions of this Section 6.6 (Effect of Termination), Section 2.11 (Intellectual Property), Article III (Fees and Payment), Article VIII (Limitation of Liability; Indemnification), Article X (Preservation of Records; Access to Information; Confidentiality; Privilege) and Article XI (Miscellaneous), shall survive the termination of this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

Section 7.1. Negotiation. A Party seeking resolution of a controversy, dispute or action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transactions contemplated hereby or thereby, including any action based on contract, tort, statute or constitution (collectively, "Disputes") shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail ("Dispute Notice"). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided, that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved

within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cyclerion shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article VII.

Section 7.2. Arbitration. Any Dispute that is not resolved pursuant to Section 7.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration pursuant to the procedures set forth in Section 8.2 of the Separation Agreement.

Section 7.3. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

ARTICLE VIII

LIMITATION OF LIABILITY; INDEMNIFICATION

Section 8.1. Limited Liability.

(a) The aggregate Liabilities of Ironwood and its Affiliates and Representatives, collectively, under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, will not exceed the aggregate amount of the Internal Costs, Expenses and One-Time Costs paid (and not previously paid back as a Liability hereunder) to Ironwood (or its Affiliates) under this Agreement prior to the date on which Service Provider's action or inaction giving rise to the Liability arises or occurs; provided that if such action or inaction occurs during the first year of this Agreement, the aggregate Liabilities of Ironwood and its Affiliates and Representatives related to such action or inaction will not exceed the aggregate amount of the Internal Costs, Expenses and One-Time Costs actually paid and payable (and not previously paid back as a Liability hereunder) in the first twelve (12) months of this Agreement.

(b) Notwithstanding anything to the contrary contained in the Separation Agreement or this Agreement, a Service Provider will not be liable to Cyclerion or any of its Affiliates or Representatives, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by the Service Provider (including any Affiliates and Representatives of the Service Provider and any unaffiliated third party providers, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

(c) The limitations in this Section 8.1 will not apply with respect to any Liability arising out of, relating to or in connection with (i) any Third Party claim to the extent a Party has an indemnification obligation to the other Party for such Liability under Section 8.3(a) or Section 8.3(b), (ii) any breach of Article X or (iii) the gross negligence, willful misconduct or fraud of or by the Party to be charged.

Section 8.2. Services Provided “As-Is”. EACH SERVICE PROVIDER PROVIDES ANY AND ALL SERVICES ON AN “AS-IS” BASIS AND, EXCEPT AS SET FORTH IN Section 2.2, MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE SERVICES PROVIDED. EACH SERVICE PROVIDER DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THIS AGREEMENT.

Section 8.3. Indemnification.

(a) Subject to Section 8.1, Cycleron hereby agrees to indemnify, defend and hold harmless each Service Provider and its Affiliates and Representatives from and against any and all Liabilities arising from, relating to or in connection with (i) the use of any Services by such Cycleron or any of its Affiliates, Representatives or other Persons using such Services or (ii) a material breach by Cycleron or any of its Affiliates of any covenant or agreement contained in this Agreement, except in each case to the extent that such Liabilities arise out of, relate to or are a consequence of the Service Provider’s or its Affiliates’ or Representatives’ gross negligence, willful misconduct or fraud.

(b) Subject to Section 8.1, Ironwood hereby agrees to indemnify, defend and hold harmless Cycleron and its Affiliates and Representatives from and against any and all Liabilities arising from, relating to or in connection with the (i) the gross negligence or willful misconduct of Service Provider in connection with the provision of the Services or (ii) a material breach by Service Provider of any covenant or agreement contained in this Agreement, except in each case to the extent that such Liabilities arise out of, relate to or are a consequence of Cycleron’s gross negligence, willful misconduct or fraud.

(c) The Party seeking to be indemnified (the “Indemnified Party”) shall provide prompt written notice of a Liability or events likely to give rise to a Liability to the Party with the obligation to indemnify (the “Indemnifying Party”) (in any event within sufficient time so as not to prejudice the defense of such Claim). The Indemnifying Party shall be given the opportunity at all times to control the defense of the Claim, with the cooperation and assistance of the Indemnified Party; provided, however, that the Indemnifying Party shall not settle any claim for which it has an indemnification obligation under this Section 8.3 with an admission of liability or wrongdoing by the Indemnified Party without such Party’s prior written consent.

(d) Indemnification pursuant to this Section 8.3 represents the Parties’ sole and exclusive remedy under this Agreement, provided that, if a Service Provider commits an error with respect to, incorrectly performs or fails to perform any Service, at Cycleron’s request, without prejudice to any other rights or remedies Cycleron may have, the Service Provider shall use commercially reasonable efforts to correct such error, re-perform such Service or perform such Service, as applicable, at no additional cost to Cycleron. To the extent a Service Provider is unable

to provide in its entirety a Service because of a partial delay which excuses performance pursuant to Section 11.6, the Service Provider shall allocate such resources and/or products as are then currently available to it and necessary for the performance of such Service ratably between the Service Provider for its own account and Cyclerion for the performance of such Services hereunder.

ARTICLE IX

INSURANCE MATTERS

Section 9.1. Insurance. Each Party hereto shall, throughout the term of this Agreement, carry appropriate insurance with a reputable insurance company covering property damage, business interruptions, automobile and general liability insurance (including contractual liability) to protect its own business and property interests; provided, that each Party shall be permitted to reasonably self-insure against the liabilities specified in Article VIII.

ARTICLE X

CONFIDENTIALITY

Section 10.1. Confidentiality. The provisions of ARTICLE VII of the Separation Agreement will apply to disclosures of information made pursuant to this Agreement *mutatis mutandis*.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, together with the Separation Agreement and the other Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of the Separation Agreement and the provisions of this Agreement, the Separation Agreement shall control.

Section 11.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 11.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 11.4. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall

be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as will be specified in a notice given in accordance with this Section 11.4):

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

To Cycleron:

Cyclerion Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
Attn: Chief Financial Officer
Phone: 857-327-8778
Fax: 617-890-6595

Section 11.5. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 11.6. Force Majeure.

(a) Neither Party hereto will be liable for delay in performance (other than the payment of money) of its obligations to the extent caused by events which could not have been foreseen and are beyond the reasonable control of the Party affected (an event of "Force Majeure"), including (i) acts of God, the elements, epidemics, explosions, accidents, landslides, lightning, earthquakes, fires, storms (including tornadoes and hurricanes or tornado and hurricane warnings), sinkholes, floods or washouts; (ii) labor shortage or trouble including strikes or injunctions (whether or not within the reasonable control of such Party and provided that the settlement of strikes and other labor disputes shall be entirely within the discretion of the Party experiencing the difficulty); (iii) inability to obtain material, equipment or transportation; (iv) national defense requirements, war, blockades, insurrections, sabotage, terrorism, riots, arrests and restraints of the government, either federal or state, civil or military (including any governmental taking by eminent domain or otherwise); or (v) any changes in applicable Law, regulation or rule or the enforcement thereof by any governmental or regulatory agency having jurisdiction, that limits or prevents a Party from performing its obligations hereunder or any notice from any such agency of its intention

to fine or penalize such Party or otherwise impede or limit such Party's ability to perform its obligations hereunder.

(b) Each Service Provider shall endeavor to provide to Cyclerion uninterrupted Services through the Term. In the event, however, that (i) the Service Provider is wholly or partially prevented from providing a Service or Services either temporarily or permanently by reason of any Force Majeure event, or (ii) the Service Provider, in the exercise of its reasonable good faith judgment, deems it necessary to suspend delivery of a Service hereunder for purposes of inspection, maintenance, repair, replacement of equipment parts or structures, or similar activities consistent with past practices, the Service Provider shall not be obligated to deliver the affected part of such Service during such periods, and, in the case of the immediately preceding clause (ii), the Service Provider shall cooperate with Cyclerion with respect to the timing of such interruption. Notices provided under this Section 11.6 shall be provided to Cyclerion's Service Manager (or other executive designated in writing by Cyclerion in accordance with Article IV) and may be provided in accordance with Article IV.

Section 11.7. Assignment. Except as provided herein, neither Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent will be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (i) with respect to Ironwood, to a Subsidiary of Ironwood (so long as such Subsidiary remains a Subsidiary of Ironwood), (ii) with respect to Cyclerion, to a Subsidiary of Cyclerion (so long as such Subsidiary remains a Subsidiary of Cyclerion) or (iii) to a *bona fide* Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of a Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (i) and (ii), no assignment permitted by this Section 11.7 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 11.8. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 11.9. Third Party Beneficiaries. Except as provided in Section 8.3 with respect to Persons entitled to claim indemnification hereunder, this Agreement is solely for the benefit of the Parties and shall not be deemed to confer upon any Person other than the Parties any remedy, claim, liability, reimbursement, cause of Action or other right beyond any that exist without reference to this Agreement.

Section 11.10. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 11.11. Exhibits and Schedules. The Exhibits and Schedules will be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 11.12. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of laws.

Section 11.13. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 11.14. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," "clause," "Exhibit" and "Schedule" are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "\$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) unless the context requires otherwise, references to "party" shall mean Ironwood or Cyclerion, as appropriate, and references to "parties" shall mean Ironwood and Cyclerion; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (k) Ironwood and Cyclerion have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (l) a reference to any Person includes such Person's successors and permitted assigns.

Section 11.15. No Duplication; No Double Recovery. Nothing in this Agreement, the Separation Agreement or any other Ancillary Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 11.16. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.17. Independent Contractor Status. Each Service Provider will be deemed to be an independent contractor to Cycleron. Nothing contained in this Agreement will create or be deemed to create the relationship of employer and employee between the Service Provider and Cycleron. The relationship created between the Service Provider and Cycleron pursuant to or by this Agreement is not and will not be one of partnership or joint venture. No Party to this Agreement will, by reason hereof, be deemed to be a partner or a joint venture of the other Party hereto in the conduct of their respective businesses and/or the conduct of the activities contemplated by this Agreement. Except as specifically and explicitly provided in this Agreement, and subject to and in accordance with the provisions hereof, no Party to this Agreement is now, will become, or will be deemed to be an agent or representative of the other Party. Except as herein explicitly and specifically provided, neither Party shall have any authority or authorization, of any nature whatsoever, to speak for or bind the other Party to this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert
Name: Halley Gilbert
Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett
Name: William Huyett
Title: President

[Signature Page to Transition Services Agreement]

TRANSITION SERVICES AGREEMENT

by and between

CYCLERION THERAPEUTICS, INC.

and

IRONWOOD PHARMACEUTICALS, INC.

Dated as of April 1, 2019

TRANSITION SERVICES AGREEMENT

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement"), dated as of April 1, 2019 (the "Effective Date"), is entered into by and between Cycleron Therapeutics, Inc. ("Cycleron"), a Massachusetts corporation and Ironwood Pharmaceuticals, Inc. ("Ironwood") a Delaware corporation. "Party" or "Parties" means Cycleron or Ironwood, individually or collectively, as the case may be.

WITNESSETH:

WHEREAS, in conjunction with a Separation Agreement between Ironwood and Cycleron of even date hereof (the "Separation Agreement"), Ironwood desires to obtain certain transition services from Cycleron, and Cycleron is willing to provide such services to Ironwood on the terms and conditions set forth in this Agreement; and

WHEREAS, the Parties acknowledge that the efficient and effective transition of Services (as defined below) under this Agreement in a manner that permits the successful operations of each Party following the Effective Date is a priority to the shareholders of each Party.

NOW, THEREFORE, in consideration of the foregoing and the respective warranties, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. General. Capitalized terms not defined in this Agreement have the meanings assigned to them in the Separation Agreement. As used herein, the following terms have the following meanings:

(1) "Additional Service" shall have the meaning set forth in Section 2.6.

(2) "Force Majeure" shall have the meaning set forth in Section 11.6.

(3) "FTE Rate" means the amount to be paid per full-time equivalent of Service Provider under this Agreement on an annual basis. The FTE Rate as of the Effective Date will be three hundred and fifteen thousand dollars (\$315,000), as such rate may be amended from time to time by the mutual written consent of the Parties. The FTE Rate for a full-time equivalent for a calendar month shall equal one-twelfth (1/12th) of the foregoing annual rate and the FTE Rate for a full-time equivalent for a calendar quarter shall equal one-fourth (1/4th) of the foregoing annual rate. For clarity, the FTE Rate shall not include any Expenses.

(4) "Internal Costs" shall mean, for any Services conducted during a given period of time during the Term, (a) the FTE Rate *plus* eight percent (8%) of such FTE Rate *multiplied* by the number of full-time equivalents of Service Provider performing such Services in accordance with this Agreement during such period of time *plus* (b) any other costs directly related to the provision of such Services during such period of time under this Agreement, as agreed upon

between the Parties in writing. For the avoidance of doubt, Internal Costs do not include Third Party Costs or Expenses.

(5) “Migration Plan” shall have the meaning set forth in Section 2.12.

(6) “Omitted Service” shall have the meaning set forth in Section 2.5.

(7) “One-Time Costs” shall have the meaning set forth in Section 3.1.

(8) “Service Provider” means, as the context may require, Cycleron or, if not Cycleron, the Person providing the Services on behalf of Cycleron, including any of its Affiliates (it being agreed and understood that, for purposes of this Agreement, Cycleron shall cause each such Person to comply with the provisions of this Agreement applicable to such Person in such Person’s capacity as a “Service Provider”).

(9) “Services” means (a) all of the services to be provided by or on behalf of a Service Provider under this Agreement described on Schedule I hereto, as such Schedule may be updated and supplemented from time to time in accordance with the provisions of this Agreement, (b) any Omitted Services and (c) any Additional Services. “Service” means each such service.

(10) “Term” means the period commencing on the date hereof and ending, subject to Section 6.1, upon the expiration of all Services set forth in Schedule I.

(11) “Third Party” means any person or entity other than Cycleron, Ironwood or their Affiliates.

(12) “Third Party Costs” means the price paid by Cycleron or its Affiliates to a Third Party (not in its capacity as a Service Provider) for all applicable Services provided by such Third Party to Cycleron or its Affiliates that are directly allocable to the provision of Services hereunder. For clarity, there shall be no mark-up added to Third Party Costs under this Agreement, unless such mark-up was actually paid by Cycleron or its Affiliates to a Third Party.

Section 1.2. Interpretation. Except where the context otherwise requires, the singular will include the plural, the plural will include the singular, the use of any gender will be applicable to all genders, and the word “or” means “and/or.” References to a number of days, unless otherwise specified, means calendar days. The captions of this Agreement are for convenience of reference only and do not define, describe, extend or limit the scope or intent of any provision contained in this Agreement. The terms “including,” “include,” or “includes” are not intended to limit generality of any description preceding such term. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party. Unless otherwise expressly specified, references to Cycleron include Cycleron’s Affiliates, and references to Ironwood include Ironwood’s Affiliates.

ARTICLE II

SERVICES

Section 2.1. General. During the Term, subject to Section 2.2, Cycleron shall (and shall cause each Service Provider providing Services to) provide to Ironwood and, to the extent directed by Ironwood, its Affiliates, the Services, in each case subject to the terms and conditions set forth herein. Notwithstanding anything to the contrary herein, a Service Provider shall not be required to perform or cause to be performed any of the Services for the benefit of any Person other than Ironwood and its Affiliates. The Parties agree to negotiate in good faith any proposed changes to the Services, including pricing related thereto, during the Term. Such proposed changes will become effective only upon mutual agreement of the Parties as reflected in an addendum to Schedule I. If there is any inconsistency between the terms of Schedule I and the terms of this Agreement, the terms of this Agreement will govern. The Parties acknowledge and agree that the Services are generally intended to facilitate the transactions contemplated by the Separation Agreement, and, to the extent Services described in Schedule I are general in nature, are solely intended to support the continued operation of the New Ironwood Pharmaceutical Business.

Section 2.2. Standard for Services. Cycleron shall use commercially reasonable efforts to provide, or cause to be provided, to Ironwood the Services in accordance with the terms and conditions of this Agreement. Cycleron shall provide, or cause to be provided, the Services in a manner (i) in compliance in all material respects with all applicable Laws and (ii) generally consistent with the provision of the Services during the twelve (12) months immediately prior to the date hereof (the "Prior Period"); provided that if a Service Provider has not previously provided a Service to another Person, the Service Provider shall provide such Service in a manner generally consistent with the provision of similar services provided to its Affiliates or businesses. To the extent a more specific standard of care is specified in Schedule I with respect to any Service, a Service Provider shall use its commercially reasonable efforts to comply with such more specific standard. It is the Parties' shared objective to transition responsibility for the performance of all Services from Service Provider to Ironwood and its Affiliates in a manner that minimizes, to the extent reasonably possible, disruption to the business operations of Service Providers and their Affiliates and the business operations of Ironwood and its Affiliates. Notwithstanding any provision of this Agreement or the Separation Agreement to the contrary, no Service Provider shall be required to (a) perform any Service in any manner that violates or contravenes any restrictions imposed on the Service Provider by applicable Law, (b) perform any Service in any manner that breaches or contravenes any contractual obligations owed by the Service Provider to any Third Party(ies) or (c) perform any Service to the extent that the conduct of such would, in the good faith belief of Service Provider, infringe, violate or misappropriate intellectual property rights of any Third Party. Notwithstanding any provision of this Agreement to the contrary, but without limiting a Service Provider's obligations under Section 2.1 or Section 2.2, in no event shall Cycleron or any of its Affiliates be (i) obligated to make any specific employment decisions in terms of hiring and terminating employees; (ii) obligated to enter into retention agreements with employees or otherwise provide any incentive beyond payment of regular salary and benefits; (iii) prevented from determining, in its sole discretion, the individual employees or contractors who provide Services; (iv) obligated to purchase, lease or license any additional equipment or software, except as specifically provided for in Schedule I; or (v) obligated to create or supply any documentation

or information not currently existing or reasonably available, except as specifically provided for in Schedule I.

Section 2.3. Protection of Cyclerion Information Systems

(a) In providing information technology Services to Ironwood, Cyclerion shall have the right to implement reasonable processes from time to time under which there will be no greater threat to Cyclerion's information technology operating environment than would exist in the absence of the provision of such Services. Without limiting the foregoing, Ironwood shall, and shall cause each of its employees with access to Cyclerion's information technology operating environment to, comply with the terms and conditions of Cyclerion's IT Acceptable Use Policy set forth in Exhibit C hereunder as may be amended from time to time upon written notice by Cyclerion to Ironwood (such policy, the "IT Acceptable Use Policy").

(b) If, in connection with the provision of any Services under this Agreement, it is reasonably necessary for Cyclerion to implement any information technology connections, firewalls or the like ("Information System Additions") specifically in connection with the provision of such Services and that would not have otherwise been implemented in the absence of the provision of the Services, the costs of implementing such Information System Additions shall be borne by Ironwood, unless specifically provided otherwise in Schedule I hereto or otherwise agreed to in writing by Cyclerion.

Section 2.4. Transitional Nature of the Services; Changes.

(a) Ironwood understands that the Services provided hereunder are transitional in nature and are furnished by the Service Providers as an accommodation and for the purpose of facilitating the transactions contemplated by the Separation Agreement. Each of the Parties agrees to cooperate in good faith and use, and shall cause its Affiliates to use, commercially reasonable efforts to effect a smooth transition from the Services as provided by the Service Provider to services performed by Ironwood or furnished by another party as soon as practically possible, but in no case later than the expiration of the Term. Ironwood further understands that the Service Providers are not in the business of providing Services to Third Parties and shall not provide Services beyond the Term.

(b) Ironwood acknowledges and agrees that Cyclerion or its Affiliates may make changes from time to time in the manner of performing the Services if Cyclerion or its Affiliates (i) are making similar changes in the performance of similar services for itself or their own Affiliates or would have made in performing similar services for their own Affiliates; and (ii) furnish to Ironwood notice with respect to such changes, and if applicable, substantially the same notice (in content and timing) as Cyclerion or its Affiliates shall furnish to their own Affiliates with respect to such changes; and (iii) reasonably considers reasonable concerns of Ironwood in implementing any such changes.

Section 2.5. Omitted Services. If, during the sixty (60) day period immediately following the date of this Agreement, either Party identifies a service that was provided in connection with the New Ironwood Pharmaceutical Business (other than those services expressly excluded hereunder) during the Prior Period, or which are reasonably anticipated as of the date

hereof to be necessary to continue to support the New Ironwood Pharmaceutical Business during the Term, but such services were inadvertently omitted from the list of Services in Schedule I hereto (each, to the extent included in the Services pursuant to this Section, an “Omitted Service”) and notifies the other Party thereof, then the Parties shall enter into good faith discussions as to whether such Omitted Service should be added as a Service hereunder, taking into account considerations such as whether the provision of such Service would be commercially reasonable from Service Provider’s perspective and whether the Omitted Service can be obtained from a provider other than the Service Provider at comparable or lower expense. If the Parties determine that an Omitted Service will be provided under this Agreement, then the Parties shall cooperate to amend Schedule I to add such Omitted Service as a Service, provided that, notwithstanding anything to the contrary in this Agreement, Service Provider shall not be obligated to provide any Omitted Service if it does not, in its reasonable judgment, have adequate resources to provide such Omitted Service or if the provision of such Omitted Service would significantly disrupt the operation of its business. In the event that the Parties agree that a Service Provider should provide any such Omitted Service, the Parties shall execute amendments to Schedule I for such Omitted Service that will set forth, among other things, (a) the time period during which such Omitted Service will be provided, (b) a description of such Omitted Service in reasonable detail, (c) primary points of contact for each of the Parties with respect to the Service, (d) any Internal Costs or One-Time Costs related to such Omitted Service and agreed upon by the Parties and (e) any additional terms and conditions specific to such Omitted Service. A Service Provider’s obligations with respect to providing any such Omitted Service shall become effective only upon mutual agreement of the Parties as reflected in an amendment to Schedule I being duly executed and delivered by each Party. Notwithstanding the foregoing, the time period for any such Omitted Service will expire not later than the expiration of the Term as calculated prior to the addition of such Omitted Service unless the Parties mutually agree otherwise.

Section 2.6. Additional Services. The Parties hereto acknowledge that Schedule I might not identify all of the Services that, although not provided in connection with the New Ironwood Pharmaceutical Business during the Prior Period, may be necessary or appropriate to effect the understanding set forth in this Agreement. Ironwood may request such additional Services from a Service Provider (each, to the extent included in the Services pursuant to this Section, an “Additional Service”) in writing during the Term. A Service Provider shall consider any such request for Additional Services promptly and in good faith, except to the extent such request is for Omitted Services (in which case Section 2.5 shall govern) or for services intentionally not included by mutual agreement of the Parties as part of the Services as of the Effective Date. In the event that the Parties agree that a Service Provider should provide any such Additional Service, the Parties shall execute amendments for such Additional Service to Schedule I that will set forth, among other things, (a) the time period during which such Additional Service will be provided, (b) a description of such Additional Service in reasonable detail, (c) primary points of contact for each of the Parties with respect to the Service, (d) any Internal Costs or One-Time Costs related to such Additional Service and agreed upon by the Parties and (e) any additional terms and conditions specific to such Additional Service. A Service Provider’s obligations with respect to providing any such Additional Service will become effective only upon mutual agreement of the Parties as reflected in an amendment to Schedule I being duly executed and delivered by each Party. Notwithstanding the foregoing, the time period for any such Additional Service will expire not later than the expiration of the Term as calculated prior to addition of such Additional Service unless the Parties agree otherwise.

Section 2.7. Use of Third Parties. Ironwood understands that certain Services may be provided to it by a Service Provider pursuant to agreements between the Service Provider and various Third Parties. To the extent not prohibited by a Third Party and with Ironwood's consent (not to be unreasonably withheld, conditioned or delayed), the Service Provider shall coordinate the provision of Services by the Third Party to Ironwood, and Ironwood shall reasonably cooperate with any Third Party providing Services on behalf of the Service Provider in order to facilitate the provision and receipt of such Services.

Section 2.8. Cooperation. Ironwood and its Affiliates who are recipients of the Services shall reasonably cooperate with each Service Provider in order to facilitate the provision and receipt of the Services. Ironwood acknowledges that such Services are dependent on such reasonable cooperation, and that its or its Affiliates' failure to so cooperate, if not reasonable, will relieve the Service Provider of its obligation to provide the related Services to the extent such failure renders such provision impractical or impossible. Ironwood and its Affiliates who are recipients of the Services shall comply in all material respects with all applicable policies and procedures of the Service Provider.

Section 2.9. Location of Services Provided; Access. Each Service Provider shall provide the Services to Ironwood from locations of the Service Provider's choice in its sole discretion unless Services are required to be performed at a specific location identified in Schedule I. Certain key personnel of the Service Providers who are expected to be utilized to perform Services may be required to travel to the offices of Ironwood or between Service Provider locations. Each Party shall allow the other Party and its Affiliates and Representatives reasonable access to the facilities of such Party and its Affiliates that is necessary for each Service Provider to provide Services or for Ironwood and its Affiliates to receive the Services in accordance with this Agreement, subject to applicable confidentiality and non-use restrictions consistent with those set forth in this Agreement. Each Party agrees that all of its and its Affiliates' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of the other Party or any of its Affiliates, or when given access to any facilities, information, systems, infrastructure or personnel of the other Party or any of its Affiliates, conform to the policies and procedures of such other Party and any of its Affiliates, as applicable, concerning health, safety, conduct and security which are made known to the Party receiving such access from time to time.

Section 2.10. Performance. Any Party may cause any of its Subsidiaries to perform any or all of its obligations hereunder, and may designate any of its Subsidiaries to receive any of its entitlements hereunder. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party at or after the Distribution Effective Time, in each case to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 2.11. Intellectual Property.

(a) Neither Party will gain, by virtue of this Agreement, any rights of ownership or use of copyrights, patents, trade secrets, trademarks, know-how or any other intellectual property rights ("Intellectual Property Rights") owned by the other Party or its Affiliates. To the

extent any Intellectual Property Rights are developed by Cyclерion or its Affiliates in the course of the performance of the Services that relate exclusively to the New Ironwood Pharmaceutical Business as such exists as of the Effective Date (the “Ironwood Intellectual Property Rights”), all right, title and interest in and to any such Intellectual Property Rights will be the sole and exclusive property of Ironwood, and Cyclерion shall (and shall cause its Affiliates to) assign, and does hereby assign, to Ironwood all right, title and interest in and to any such Ironwood Intellectual Property Rights. Except as expressly specified in the foregoing, as between the Parties, all right, title and interest in any Intellectual Property Rights developed by or on behalf of Cyclерion in the course of providing the Services will be owned by Cyclерion. To the extent that Cyclерion performs any Services through any Affiliate or subcontractor, Cyclерion shall obligate such Affiliate or such subcontractor to assign to Ironwood all Ironwood Intellectual Property Rights, and Cyclерion shall not utilize any such Affiliate or subcontractor in the performance of such Services unless such Affiliate or subcontractor is so obligated.

(b) Solely for and with respect to the performance of Services and other activities under this Agreement during the Term, Ironwood (on behalf of itself and its Affiliates) hereby grants to each Service Provider a non-exclusive, royalty-free, non-transferable license and right of reference, with the right to grant further licenses and rights of reference, to all intellectual property, Regulatory Approvals, Regulatory Submissions and records included within the New Ironwood Pharmaceutical Business that are necessary to perform the Services solely to perform the Services and other obligations of Cyclерion or a Service Provider under this Agreement.

Section 2.12. Migration Plan. The plan for the migration of Services from Cyclерion to Ironwood is set forth in Exhibit B hereunder (the “Migration Plan”). During the Term, the Parties (i) shall use commercially reasonable efforts to perform their respective obligations under the Migration Plan and (ii) may mutually amend or supplement the Migration Plan.

ARTICLE III

FEES AND PAYMENT

Section 3.1. Fees. The fees payable hereunder for Services (the “Fees”) will be equal to (i) the Service Provider’s Internal Costs for such Services plus (ii) the Service Provider’s Third Party Costs for such Services. Ironwood shall also pay the Service Provider for all of the reasonable, documented one-time costs and expenses, if any, incurred by the Service Provider in order to enable the Service Provider to provide and to terminate Services as contemplated hereby, including costs for adapting the Service Provider’s systems to be able to interface with Ironwood’s systems for provision of the Services, if reasonably required (the “One-Time Costs”); provided, however that Cyclерion shall not incur any One-Time Cost (on an event-by-event basis) over five thousand dollars (\$5,000) that is not specifically identified in Schedule I without Ironwood’s prior written consent, not to be unreasonably withheld, conditioned or delayed. The Parties agree that they have used reasonable good faith efforts to identify One-Time Costs in excess of five thousand dollars (\$5,000) on Schedule I as of the Effective Date and, in the event that Cyclерion declines to consent to any One-Time Cost for a Service pursuant to this Section 3.1, Service Provider shall not be required under this Agreement to perform such Service to the extent such Service cannot be performed without payment of such One-Time Cost.

Section 3.2. Expense. The Fees are exclusive of expenses related to travel (including long-distance and local transportation, accommodation and meal expenses and other incidental expenses) by the Service Provider's personnel or any subcontractor in connection with performing the Services. All of the costs and expenses described in this Section 3.2 ("Expenses") will be charged by the Service Provider to the recipient of such Service on a pass-through basis. For the avoidance of doubt, the Expenses described in this Section 3.2 will be consistent with the Service Provider's general approach with respect to such types of costs and expenses; provided that with respect to any Service, the recipient of such Service's prior written approval will be required to the extent that Expenses exceed fifteen percent (15%) of the Fees paid and payable to the Service Provider for such Service in any calendar quarter. For clarity, there shall be no mark-up added to Expenses under this Agreement, unless such mark-up was actually paid by the Service Provider's personnel or subcontractor.

Section 3.3. Quarterly Statements. Cyclerion will furnish Ironwood with a preliminary statement six (6) Business Days after the close of each calendar quarter and a final statement ten (10) Business Days after the close of each calendar quarter, each such statement to be in the form attached as Exhibit D (each, a "Quarterly Statement"), which Quarterly Statement shall reflect Cyclerion's good faith estimate of, on a Service-by-Service basis: (a) the Fees payable for the Services provided by the Service Provider to Ironwood for the preceding calendar quarter (itemized to reflect Internal Costs and Third Party Costs), (b) any Expenses payable for the preceding calendar quarter and (c) any One-Time Costs payable for the preceding calendar quarter, in each case as incurred in accordance with this Agreement.

Section 3.4. Invoice. Not later than twenty-five (25) days after the last day of each calendar quarter (or, if the Term ends during a calendar quarter, the last day of the Term), Cyclerion shall provide to Ironwood an invoice for the preceding calendar quarter, which will list (a) the Services provided by the Service Provider to Ironwood for the preceding calendar quarter, (b) the Fees payable for such Services (and reasonable documentation supporting such Fees, to the extent requested by Ironwood) for the preceding calendar quarter (itemized to reflect Internal Costs and Third Party Costs) (c) any Expenses (and reasonable documentation supporting such Expenses, to the extent requested by Ironwood) for the preceding calendar quarter and (d) any One-Time Costs (and reasonable documentation supporting such costs and expenses, to the extent requested by Ironwood) for the preceding calendar quarter, in each case as incurred in accordance with this Agreement. Ironwood shall pay the amount stated in such invoices in full within thirty (30) days of the issuance of the invoices (or, if such date is not a Business Day, then on the immediately succeeding Business Day) to an account designated by Cyclerion, except to the extent such amount is the subject of a good faith dispute by Ironwood as notified in writing to Cyclerion.

Section 3.5. Late Payments. Without prejudice to the Service Provider's other rights and remedies, where any sum remains unpaid after the applicable due date, it will carry interest, which will accrue daily, from the due date until the date of actual payment, at a rate based on the prime rate listed in the Wall Street Journal (Bond Yields and Rates) on the date such sum is due and payable plus two percent (2%). Notwithstanding the preceding, if a Party contests any amounts due hereunder in good faith and promptly notifies the other Party of such dispute, interest will not accrue as to amounts being so contested until and unless the dispute is resolved in the payee Party's favor.

Section 3.6. Taxes. Ironwood shall make all payments to a Service Provider for any Service without deduction or withholding for taxes including income tax withholding, Value Added Tax (“VAT”), duties, sales tax or a similar tax except to the extent any such deduction or withholding is required by the tax laws of any federal, state, provincial or foreign government. In the event a deduction or withholding for taxes is applicable, Ironwood shall submit such deduction or withholding for taxes to the appropriate governmental authority and shall provide a tax certificate to Service Provider. In the event VAT or sales tax applies to the services provided, a Service Provider shall invoice such tax to Ironwood, as a reimbursable expense, and a Service Provider shall remit such tax to the relevant government authority. Service Provider and Ironwood shall mutually cooperate to minimize any amount of tax assessed in respect of the performance of Services hereunder or as a deduction or withholding of taxes, including through the prompt completion and filing of any relevant tax forms with the relevant tax authorities.

Section 3.7. No Right to Set-Off. Each Party hereto acknowledges and agrees that it shall not be permitted to set-off any amount owed by such Party pursuant to this Agreement against any amount or obligation owed to such Party or an Affiliate hereunder or pursuant to the Separation Agreement or any other Ancillary Agreement.

ARTICLE IV

SERVICE MANAGEMENT

Section 4.1. Service Managers. Cycleron and Ironwood shall each appoint an employee to have overall responsibility for managing and coordinating the delivery of Services in accordance with this Agreement (such employee, a “Service Manager”). The initial Service Managers will be identified on Exhibit A hereto or otherwise designated by each of the Parties prior to the Distribution Effective Time, and may thereafter be replaced from time to time upon written notice to the other Party. Service Managers shall consult and coordinate with one another regarding the provision of Services hereunder.

Section 4.2. Service Coordinators. Each Party has designated an employee or title as the principal point of contact for the day-to-day implementation or monitoring of each Service as specified in Schedule I (each, a “Service Coordinator”). The Parties shall direct communications relating to specific Services to the applicable Service Coordinators. The Service Coordinators shall report to the applicable Service Manager from time to time, as directed by the Service Manager.

ARTICLE V

SUB-CONTRACTING; THIRD PARTY AGREEMENTS

Section 5.1. Sub-Contractors. Upon Ironwood’s consent, not to be unreasonably withheld, conditioned or delayed, a Service Provider may delegate or sub-contract its duties under this Agreement to a qualified Third Party, provided that, notwithstanding such delegation or sub-contracting, the Service Provider will remain liable for the performance of its duties hereunder and shall ensure and guaranty that any Services provided by a subcontractor shall meet Service Provider’s obligations set forth in Section 2.2(i) and (ii). In the event any such consent is not

granted, Service Provider shall not have any liability resulting from any delay in providing any such Service. For the avoidance of doubt, Service Provider will not be liable with respect to any agreement entered into directly by Ironwood (or its Affiliates) and a subcontractor, other than as mutually agreed in writing by the Parties hereto.

Section 5.2. Third Party Agreements. Ironwood acknowledges that the Services that were provided through Third Parties prior to the date hereof are subject to the terms and conditions of any applicable agreements between the Service Provider and such Third Parties, and Ironwood agrees to comply with such terms and conditions to the extent applicable to Ironwood and necessary for purposes of receiving such Services by Ironwood. For any Service to be delegated to a Third Party after the date hereof, and so long as any such Service is provided solely to Ironwood and not to a Service Provider or any Affiliates of Service Provider, the Service Provider shall provide Ironwood with a copy of any agreement contemplated to be entered into with such Third Party in relation to such Service and, as set forth in Section 5.1, seek Ironwood's consent to such delegation, which consent may not be unreasonably withheld, delayed or conditioned.

Section 5.3. Consents. Notwithstanding anything to the contrary contained herein, each Service Provider shall use commercially reasonable efforts to obtain all consents from vendors that are necessary in order to provide any of the Services to Ironwood under this Agreement; provided, however, that a Service Provider will not be required to pay any out-of-pocket fees to any vendor in order to obtain such consent, but will, instead, request that Ironwood pay such out-of-pocket fees. In the event that a Service Provider is unable to obtain any such consent, Cyclerion's sole liability and obligation and Ironwood's sole remedy will be to require the Parties hereto to work together to agree upon a commercially reasonable alternative arrangement, which may include identification of alternate resources and equivalent services from such alternative resources on commercially reasonable terms. Any costs specified in the second sentence of Section 3.1 and any actual out-of-pocket fees levied on a Service Provider (a) in connection with its efforts to obtain and implement such consents and (b) in connection with the implementation of any such commercially reasonable alternative arrangement, will be borne by Ironwood. For the avoidance of doubt, any costs incurred by a Service Provider in connection with obtaining consents prior to the Distribution Effective Time will be borne by Cyclerion.

ARTICLE VI

TERM AND TERMINATION AND EFFECTS OF TERMINATION

Section 6.1. Termination. Except as otherwise provided herein or unless otherwise agreed in writing by the Parties hereto, a Service Provider's obligation to provide or procure, and Ironwood's obligation to purchase, each Service shall cease as of the end of the term specified for such Service in Schedule I hereto, and the Agreement will terminate in its entirety at the end of the Term; provided that (a) this Agreement may be extended, with respect to one or more Services, by mutual written agreement of the Parties, consent to which extension shall be in each Party's absolute discretion, provided that such extension shall be limited to one period of up to six (6) months following the initial Term of the Service and (b) in the event that a Service shall not have been transitioned to Ironwood solely as a result of a material breach by Cyclerion of its obligations under the Migration Plan, the term for such Service will be extended solely for such period as shall be necessary for Cyclerion to cure such material breach; provided that the breach is curable with

the use of commercially reasonable efforts and is not related to a Service that could reasonably be obtained or performed by Ironwood itself.

Section 6.2. Termination for Breach. In the event that a Party hereto commits a material breach with respect to any of the Services, the other Party may terminate this Agreement with respect to such Service only, unless such breach is cured not later than thirty (30) days after receipt by the breaching Party of written notice of such breach.

Section 6.3. Early Termination of a Service. Subject to the restrictions set forth herein, if Ironwood should wish to terminate a Service (in whole, but not in part), Ironwood shall provide written notice to the Service Provider not later than forty-five (45) days prior to the requested termination date for such Service; provided, however, that no such notice of termination may be delivered to the Service Provider during the forty-five (45) day period immediately following the date hereof. Notwithstanding the foregoing provisions, the Parties hereto acknowledge and agree that, in certain instances, terminating certain Services may require time periods longer than the forty-five (45) day period specified in this Section 6.3. In any such event, the Parties agree to negotiate in good faith a longer period of time for any and all such transfers following the termination notice. Ironwood will remain liable for any Fees or other amounts payable hereunder in connection with the terminated Service(s) incurred prior to the effective date of termination of such Service(s), including in the event that such terminated Services contemplated a deliverable that was not provided due to such early termination. Ironwood acknowledges and agrees that (a) Services provided by Third Parties may be subject to term-limited licenses and contracts between a Service Provider and applicable Third Parties (collectively, "Provider Third Party Contracts"), (b) the renewal periods under the Provider Third Party Contracts may be for fixed periods and (c) a Service Provider may not have the right to renew certain Provider Third Party Contracts. As a result, Ironwood agrees that (i) if Service Provider is required to extend any Provider Third Party Contract in order to continue to provide any Service during the Term, then Service Provider shall notify Ironwood and, if Ironwood informs Service Provider within twenty (20) days of such notice that it wishes to continue to receive such Service, then Ironwood shall be required to pay Service Provider the amount of any renewal fees or purchase commitments applicable to the relevant Service for the full renewal period specified in the applicable Provider Third Party Contract, regardless of whether the Term or Service Provider's provision of the relevant Service ends prior to the end of the relevant renewal period and (ii) a Service Provider shall not be required to provide any Service to the extent it is unable to renew any applicable Provider Third Party Contract or Ironwood either informs Service Provider that it does not wish to continue to receive such Service under this Section 6.3 or does not respond to Service Provider's notice in the applicable 20-day period.

Section 6.4. Termination Upon Insolvency. Either Party may terminate this Agreement immediately in the event the other Party (a) becomes insolvent, (b) is generally unable to pay, or fails to pay, its debts as they become due, (c) files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency Law, (d) makes or seeks to make a general assignment for the benefit of its creditors, or (e) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property or business.

Section 6.5. Accrued Rights. Termination or expiration of this Agreement for any reason will be without prejudice to any rights that have accrued to the benefit of a Party prior to

such termination or expiration. Such termination or expiration will not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

Section 6.6. Effect of Termination. Not later than thirty (30) days following the date it receives a final invoice from a Service Provider following termination or expiration of any Services or this Agreement, Ironwood shall pay to the Service Provider all remaining monies due to the Service Provider hereunder in respect of Services provided prior to such termination or expiration except for any amounts then the subject of a good faith dispute. In addition, at the end of the Term, each Party hereto shall, at the disclosing Party's option, return or destroy the Confidential Information of the disclosing Party. In the event that the disclosing Party elects destruction, the other Party shall furnish to the disclosing Party a written certificate of destruction signed by an officer of the certifying Party. Any provision which by its nature should survive, including the provisions of this Section 6.6 (Effect of Termination), Section 2.11 (Intellectual Property), Article III (Fees and Payment), Article VIII (Limitation of Liability; Indemnification), Article X (Preservation of Records; Access to Information; Confidentiality; Privilege) and Article XI (Miscellaneous), shall survive the termination of this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

Section 7.1. Negotiation. A Party seeking resolution of a controversy, dispute or action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transactions contemplated hereby or thereby, including any action based on contract, tort, statute or constitution (collectively, "Disputes") shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail ("Dispute Notice"). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cycleron shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article VII.

Section 7.2. Arbitration. Any Dispute that is not resolved pursuant to Section 7.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration pursuant to the procedures set forth in Section 8.2 of the Separation Agreement.

Section 7.3. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

ARTICLE VIII

LIMITATION OF LIABILITY; INDEMNIFICATION

Section 8.1. Limited Liability.

(a) The aggregate Liabilities of Cycleron and its Affiliates and Representatives, collectively, under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, will not exceed the aggregate amount of the Internal Costs, Expenses and One-Time Costs paid (and not previously paid back as a Liability hereunder) to Cycleron (or its Affiliates) under this Agreement prior to the date on which Service Provider's action or inaction giving rise to the Liability arises or occurs; provided that if such action or inaction occurs during the first year of this Agreement, the aggregate Liabilities of Cycleron and its Affiliates and Representatives related to such action or inaction will not exceed the aggregate amount of the Internal Costs, Expenses and One-Time Costs actually paid and payable (and not previously paid back as a Liability hereunder) in the first twelve (12) months of this Agreement.

(b) Notwithstanding anything to the contrary contained in the Separation Agreement or this Agreement, a Service Provider will not be liable to Ironwood or any of its Affiliates or Representatives, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by the Service Provider (including any Affiliates and Representatives of the Service Provider and any unaffiliated third party providers, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

(c) The limitations in this Section 8.1 will not apply with respect to any Liability arising out of, relating to or in connection with (i) any Third Party claim to the extent a Party has an indemnification obligation to the other Party for such Liability under Section 8.3(a) or Section 8.3(b), (ii) any breach of Article X or (iii) the gross negligence, willful misconduct or fraud of or by the Party to be charged.

Section 8.2. Services Provided "As-Is". EACH SERVICE PROVIDER PROVIDES ANY AND ALL SERVICES ON AN "AS-IS" BASIS AND, EXCEPT AS SET FORTH IN Section 2.2, MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE SERVICES PROVIDED. EACH SERVICE PROVIDER DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THIS AGREEMENT.

Section 8.3. Indemnification.

(a) Subject to Section 8.1, Ironwood hereby agrees to indemnify, defend and hold harmless each Service Provider and its Affiliates and Representatives from and against any and all Liabilities arising from, relating to or in connection with (i) the use of any Services by such Ironwood or any of its Affiliates, Representatives or other Persons using such Services or (ii) a material breach by Ironwood or any of its Affiliates of any covenant or agreement contained in this Agreement, except in each case to the extent that such Liabilities arise out of, relate to or are a consequence of the Service Provider's or its Affiliates' or Representatives' gross negligence, willful misconduct or fraud.

(b) Subject to Section 8.1, Cycleron hereby agrees to indemnify, defend and hold harmless Ironwood and its Affiliates and Representatives from and against any and all Liabilities arising from, relating to or in connection with the (i) the gross negligence or willful misconduct of Service Provider in connection with the provision of the Services or (ii) a material breach by Service Provider of any covenant or agreement contained in this Agreement, except in each case to the extent that such Liabilities arise out of, relate to or are a consequence of Ironwood's gross negligence, willful misconduct or fraud.

(c) The Party seeking to be indemnified (the "Indemnified Party") shall provide prompt written notice of a Liability or events likely to give rise to a Liability to the Party with the obligation to indemnify (the "Indemnifying Party") (in any event within sufficient time so as not to prejudice the defense of such Claim). The Indemnifying Party shall be given the opportunity at all times to control the defense of the Claim, with the cooperation and assistance of the Indemnified Party; provided, however, that the Indemnifying Party shall not settle any claim for which it has an indemnification obligation under this Section 8.3 with an admission of liability or wrongdoing by the Indemnified Party without such Party's prior written consent.

(d) Indemnification pursuant to this Section 8.3 represents the Parties' sole and exclusive remedy under this Agreement, provided that, if a Service Provider commits an error with respect to, incorrectly performs or fails to perform any Service, at Ironwood's request, without prejudice to any other rights or remedies Ironwood may have, the Service Provider shall use commercially reasonable efforts to correct such error, re-perform such Service or perform such Service, as applicable, at no additional cost to Ironwood. To the extent a Service Provider is unable to provide in its entirety a Service because of a partial delay which excuses performance pursuant to Section 11.6, the Service Provider shall allocate such resources and/or products as are then currently available to it and necessary for the performance of such Service ratably between the Service Provider for its own account and Ironwood for the performance of such Services hereunder.

ARTICLE IX

INSURANCE MATTERS

Section 9.1. Insurance. Each Party hereto shall, throughout the term of this Agreement, carry appropriate insurance with a reputable insurance company covering property damage, business interruptions, automobile and general liability insurance (including contractual liability) to protect its own business and property interests; provided that each Party shall be permitted to reasonably self-insure against the liabilities specified in Article VIII.

ARTICLE X

CONFIDENTIALITY

Section 10.1. Confidentiality. The provisions of Article VII of the Separation Agreement will apply to disclosures of information made pursuant to this Agreement *mutatis mutandis*.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, together with the Separation Agreement and the other Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of the Separation Agreement and the provisions of this Agreement, the Separation Agreement shall control.

Section 11.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 11.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 11.4. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as will be specified in a notice given in accordance with this Section 11.4):

To Cycleron:

Cycleron Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: Chief Financial Officer
Phone: 857-327-8778
Fax: 617-890-6595

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

Section 11.5. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 11.6. Force Majeure.

(a) Neither Party hereto will be liable for delay in performance (other than the payment of money) of its obligations to the extent caused by events which could not have been foreseen and are beyond the reasonable control of the Party affected (an event of "Force Majeure"), including (i) acts of God, the elements, epidemics, explosions, accidents, landslides, lightning, earthquakes, fires, storms (including tornadoes and hurricanes or tornado and hurricane warnings), sinkholes, floods or washouts; (ii) labor shortage or trouble including strikes or injunctions (whether or not within the reasonable control of such Party and provided that the settlement of strikes and other labor disputes shall be entirely within the discretion of the Party experiencing the difficulty); (iii) inability to obtain material, equipment or transportation; (iv) national defense requirements, war, blockades, insurrections, sabotage, terrorism, riots, arrests and restraints of the government, either federal or state, civil or military (including any governmental taking by eminent domain or otherwise); or (v) any changes in applicable Law, regulation or rule or the enforcement thereof by any governmental or regulatory agency having jurisdiction, that limits or prevents a Party from performing its obligations hereunder or any notice from any such agency of its intention to fine or penalize such Party or otherwise impede or limit such Party's ability to perform its obligations hereunder.

(b) Each Service Provider shall endeavor to provide to Ironwood uninterrupted Services through the Term. In the event, however, that (i) the Service Provider is wholly or partially prevented from providing a Service or Services either temporarily or permanently by reason of any Force Majeure event, or (ii) the Service Provider, in the exercise of its reasonable good faith judgment, deems it necessary to suspend delivery of a Service hereunder for purposes of inspection, maintenance, repair, replacement of equipment parts or structures, or similar activities consistent with past practices, the Service Provider shall not be obligated to deliver the affected part of such Service during such periods, and, in the case of the immediately preceding clause (ii), the Service Provider shall cooperate with Ironwood with respect to the timing of such interruption. Notices provided under this Section 11.6 shall be provided to Ironwood's Service Manager (or other executive designated in writing by Ironwood in accordance with Article VII) and may be provided in accordance with Article IV.

Section 11.7. Assignment. Except as provided herein, neither Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent will be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (i) with respect to Cyclerion, to a Subsidiary of Cyclerion (so long as such Subsidiary remains a Subsidiary of Cyclerion), (ii) with respect to Ironwood, to a Subsidiary of Ironwood (so long as such Subsidiary remains a Subsidiary of Ironwood) or (iii) to a *bona fide* Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of a Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (i) and (ii), no assignment permitted by this Section 11.7 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 11.8. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 11.9. Third Party Beneficiaries. Except as provided in Section 8.3 with respect to Persons entitled to claim indemnification hereunder, this Agreement is solely for the benefit of the Parties and will not be deemed to confer upon Person other than the Parties any remedy, claim, liability, reimbursement, cause of Action or other right beyond any that exist without reference to this Agreement.

Section 11.10. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 11.11. Exhibits and Schedules. The Exhibits and Schedules will be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 11.12. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of laws.

Section 11.13. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 11.14. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms “Section,” “paragraph,” “clause,” “Exhibit” and “Schedule” are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to “\$” shall mean U.S. dollars; (e) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) references to “written” or “in writing” include in electronic form; (h) unless the context requires otherwise, references to “party” shall mean Ironwood or Cycleron, as appropriate, and references to “parties” shall mean Ironwood and Cycleron; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (k) Ironwood and Cycleron have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (l) a reference to any Person includes such Person’s successors and permitted assigns.

Section 11.15. No Duplication; No Double Recovery. Nothing in this Agreement, the Separation Agreement or any other Ancillary Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 11.16. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.17. Independent Contractor Status. Each Service Provider will be deemed to be an independent contractor to Ironwood. Nothing contained in this Agreement will create or be deemed to create the relationship of employer and employee between the Service Provider and Ironwood. The relationship created between the Service Provider and Ironwood pursuant to or by this Agreement is not and will not be one of partnership or joint venture. No Party to this Agreement will, by reason hereof, be deemed to be a partner or a joint venture of the other Party hereto in the conduct of their respective businesses and/or the conduct of the activities contemplated by this Agreement. Except as specifically and explicitly provided in this Agreement, and subject to and in accordance with the provisions hereof, no Party to this Agreement is now, will become, or will be deemed to be an agent or representative of the other Party. Except as herein explicitly and specifically provided, neither Party shall have any authority or authorization, of any nature whatsoever, to speak for or bind the other Party to this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert
Name: Halley Gilbert
Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett
Name: William Huyett
Title: President

[Signature Page to Transition Services Agreement]

TAX MATTERS AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of March 30, 2019

TAX MATTERS AGREEMENT

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "Agreement") is entered into as of March 30, 2019, by and between Ironwood Pharmaceuticals, Inc. ("Ironwood"), a Delaware corporation, and Cycleron Therapeutics, Inc. ("Cycleron"), a Massachusetts corporation and wholly owned Subsidiary of Ironwood. (Ironwood and Cycleron are sometimes collectively referred to herein as the "Parties" and, as the context requires, individually referred to herein as a "Party").

WITNESSETH:

WHEREAS, Ironwood is a commercial biotechnology company engaged in the discovery, development, and commercialization of pharmaceutical drugs to treat diseases in areas of large unmet need (the "Pharmaceutical Business").

WHEREAS, the Board of Directors of Ironwood (the "Board") has determined that it is appropriate, desirable and in the best interests of Ironwood and its stockholders to separate the Pharmaceutical Business into (a) a business related to Ironwood's soluble guanylate cyclase ("sGC") stimulators (the "Cycleron Pharmaceutical Business" as such term is defined in the Separation Agreement) and (b) a business related to Ironwood's remaining drug products and programs (the "New Ironwood Pharmaceutical Business" as such term is defined in the Separation Agreement).

WHEREAS, the Board has determined that it is appropriate, desirable and in the best interests of Ironwood and its stockholders, to cause all of the issued and outstanding shares of Cycleron Common Stock held by Ironwood following the Separation to be issued pro rata to the holders of Ironwood Common Stock on the terms and conditions set forth in the Separation Agreement (such issuance, the "Distribution") and for each of Ironwood and Cycleron to be two separate publicly traded companies;

WHEREAS, for U.S. federal Income Tax purposes, it is the intention of the Parties that the Separation and the Distribution, taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and, except for cash received in lieu of any fractional shares, the Distribution will qualify as tax-free under Section 355(a) of the Code to the stockholders of Ironwood and as tax-free to Ironwood under Section 361(c) of the Code;

WHEREAS, as of the date hereof, Ironwood is the common parent of an Affiliated Group, including Cycleron, which has elected to file consolidated U.S. federal Income Tax Returns; and

WHEREAS, the Parties desire to provide for and agree upon the allocation between the Parties of liabilities, and entitlements to refunds thereof, for certain Taxes arising prior to, at the time of, and subsequent to the Distribution, and to provide for and agree upon other matters relating to Taxes and to set forth certain covenants and indemnities relating to the Tax-Free Status of the Separation and the Distribution;

WHEREAS, pursuant to that certain Amended and Restated Common Stock Purchase Agreement, dated as of February 25, 2019 by and between Cycleron and the investors named therein (the "Common Stock");

Purchase Agreement”), shares of Cycleron Common Stock will be purchased by investors immediately following the consummation of the Distribution (such purchase, the “Offering”).

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. General. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation Agreement:

- (1) “Action” has the meaning set forth in the Separation Agreement.
- (2) “Active Conduct” means “active conduct” as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder.
- (3) “Active Trade or Business” has the meaning set forth on Exhibit A.
- (4) “Adjustment Request” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.
- (5) “Affiliate” means any entity that is directly or indirectly “controlled” by either the person in question or an Affiliate of such person. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise. The term Affiliate shall refer to Affiliates of a person as determined immediately after the Distribution.
- (6) “Affiliated Group” means, with respect to a Party, the affiliated group (as that term is defined in Section 1504(a) of the Code and the Treasury Regulations thereunder) of which the Party is the common parent.
- (7) “Ancillary Agreement” has the meaning set forth in the Separation Agreement; provided, however, that for purposes of this Agreement, this Agreement shall not constitute an Ancillary Agreement.
- (8) “Business Day” has the meaning set forth in the Separation Agreement.
- (9) “Code” means the U.S. Internal Revenue Code of 1986, as amended.
- (10) “Complete Pre-Distribution Period” means any Tax Period ending on or before the Distribution Date.

- (11) “Common Stock Purchase Agreement” has the meaning set forth in the Recitals to this Agreement.
- (12) “Contribution” means the contribution by Ironwood of the assets constituting the Cyclерion Pharmaceutical Business to Cyclерion solely in exchange for stock of Cyclерion and the assumption by Cyclерion of any liabilities related to the Cyclерion Pharmaceutical Business.
- (13) “Controlling Party” has the meaning set forth in Section 9.2(b) of this Agreement.
- (14) “Cyclерion” has the meaning provided in the first sentence of this Agreement.
- (15) “Cyclерion Capital Stock” means all classes or series of capital stock of Cyclерion, including (a) the Cyclерion Common Stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock in Cyclерion for U.S. federal Income Tax purposes.
- (16) “Cyclерion Carryback” means any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Cyclерion Group which may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Law.
- (17) “Cyclерion Common Stock” has the meaning set forth in the Separation Agreement.
- (18) “Cyclерion Disqualifying Act” means, following the Distribution, (a) any act, or failure or omission to act, by any member of the Cyclерion Group that results in any Party (or any of its Affiliates) being responsible for Distribution Taxes pursuant to a Final Determination, regardless of whether such act or failure to act (i) is covered by a Post-Distribution Ruling or Unqualified Tax Opinion (or is subject to Section 6.1(d)-(e)), or (ii) occurs during or after the Restricted Period; (b) the direct or indirect acquisition of all or a portion of the stock of Cyclерion (or any transaction or series of related transactions that is deemed to be such an acquisition for purposes of the Code and the Treasury Regulations promulgated thereunder) by any means whatsoever by any Person, including, for the avoidance of doubt, pursuant to the Offering or any other issuance of stock by Cyclерion; or (c) any event (or series of events) involving Cyclерion Capital Stock or any assets of any member of the Cyclерion Group.
- (19) “Cyclерion Entity” means an entity which is a member of the Cyclерion Group.
- (20) “Cyclерion Group” means Cyclерion and its Affiliates, as determined after the Distribution.
- (21) “Cyclерion Pharmaceutical Business” has the meaning set forth in the recitals to this Agreement.
- (22) “Cyclерion Separate Return” means (a) any Tax Return of or including any member of the Cyclерion Group (including any consolidated, combined or unitary return) that does not include any member of the Ironwood Group and (b) any Tax Return relating to Transfer Taxes that Cyclерion is obligated to file under applicable Law.

- (23) “DGCL” means the Delaware General Corporation Law.
- (24) “Dispute Notice” has the meaning set forth in Section 13.1.
- (25) “Disputed Tax Matter” has the meaning set forth in Section 13.3.
- (26) “Disputes” has the meaning set forth in Section 13.1.
- (27) “Distribution” has the meaning set forth in the recitals to this Agreement.
- (28) “Distribution Date” has the meaning set forth in the Separation Agreement.
- (29) “Distribution Effective Time” has the meaning set forth in the Separation Agreement.

(30) “Distribution Losses” shall mean (a) all Distribution Taxes (including interest and penalties thereon) imposed (or, in the case of Ironwood Attribute Losses, that would have been imposed if Ironwood were a Full Taxpayer) pursuant to any settlement, Final Determination, judgment or otherwise; (b) all accounting, legal and other professional fees and court costs incurred in connection with such Distribution Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes; and (c) all reasonable costs and expenses and all damages associated with shareholder litigation or controversies and any amount paid by any member of the Ironwood Group or member of the Cyclerion Group in respect of the liability of shareholders, whether paid to any shareholder or to the IRS or any other Tax Authority, in each case, resulting from the failure of any Separation Transaction to have Tax-Free Status.

(31) “Distribution Taxes” means (i) any and all Taxes required to be paid by or imposed on a Party or any of its Affiliates, plus (ii) without duplication, the hypothetical Taxes that would have been described in clause (i) if Ironwood were a Full Taxpayer (“Ironwood Attribute Losses”), in each case, resulting from, attributable to, or arising in connection with the failure of (a) the Contribution and Distribution, taken together, to qualify as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code or (b) the stock distributed in the Distribution to constitute “qualified property” for purposes of Sections 355(d), 355(e) and Section 361(c) of the Code (or any corresponding provision of the Laws of other jurisdictions).

(32) “Employee Matters Agreement” means the Employee Matters Agreement, as amended from time to time, by and between Ironwood and Cyclerion.

(33) “Fifty-Percent or Greater Interest” has the meaning ascribed to such term for purposes of Section 355(e) of the Code.

(34) “Final Determination” means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a taxable period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a state, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency

in respect of such issue or adjustment or for such taxable period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of a state, local, or foreign taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of a Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a treaty-based competent authority determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations, the execution of a pre-filing agreement with the IRS or other Tax Authority, or by mutual agreement of the Parties.

(35) “Full Taxpayer” means the assumption that each relevant member of the Ironwood Group (a) is subject to the highest marginal regular statutory income Tax rate, and (b) will not utilize any Tax Attribute other than a Tax Attribute arising from the adjustment at issue.

(36) “Governmental Entity” has the meaning set forth in the Separation Agreement.

(37) “Group” means the Ironwood Group or the Cycleron Group, or both, as the context requires.

(38) “Income Tax” means all U.S. federal, state, and local and foreign income, franchise or similar Taxes imposed on (or measured by) net income or net profits, and any interest, penalties, additions to tax or additional amounts in respect of the foregoing.

(39) “Internal Restructuring” has the meaning set forth in Section 6.1(e) of this Agreement.

(40) “Ironwood Attribute Losses” has the meaning set forth in the definition of Distribution Taxes.

(41) “Ironwood Capital Stock” means all classes or series of capital stock of Ironwood, including (a) the Ironwood Common Stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock of Ironwood for U.S. federal Income Tax purposes.

(42) “Ironwood Common Stock” has the meaning set forth in the Separation Agreement.

(43) “Ironwood Disqualifying Act” means (a) any act, or failure or omission to act, by any member of the Ironwood Group following the Distribution that results in any Party (or any of its Affiliates) being responsible for such Distribution Taxes pursuant to a Final Determination; (b) the direct or indirect acquisition of all or a portion of the stock of Ironwood (or any transaction or series of related transactions that is deemed to be such an acquisition for purposes of the Code and the Treasury Regulations promulgated thereunder) by any means whatsoever by any Person, including pursuant to an issuance of stock by Ironwood; (c) any event (or series of events) involving Ironwood Capital Stock or any assets of any member of the Ironwood Group; or (d) any failure to be true, inaccuracy in, or breach of any of Ironwood’s representations or

statements contained in the Representation Letters to the extent relating to acts, omissions, events, conditions, facts or circumstances existing on or before the Distribution Effective Time.

(44) “Ironwood Equity Awards” means options, stock appreciation rights, restricted stock, stock units or other compensatory rights with respect to Ironwood Common Stock that are granted by Ironwood on or before the Distribution Date in connection with employee, independent contractor or director compensation or other employee benefits; provided, however, that options, stock appreciation rights, restricted stock, stock units or other rights with respect to Cycleron Common Stock issued in respect of any of the foregoing by reason of the Distribution or any subsequent transaction shall not be treated as Ironwood Equity Awards.

(45) “Ironwood Group” means Ironwood and its Affiliates, excluding any entity that is a member of the Cycleron Group.

(46) “Ironwood Separate Return” means (a) any Tax Return of or including any member of the Ironwood Group (including any consolidated, combined or unitary return) that does not include any member of the Cycleron Group and (b) any Tax Return relating to Transfer Taxes that Ironwood is obligated to file under applicable Law.

(47) “IRS” means the U.S. Internal Revenue Service.

(48) “Joint Return” means any Tax Return (including any consolidated, combined or unitary Tax Return) that relates to at least one asset or activity that is part of the New Ironwood Pharmaceutical Business, on the one hand, and at least one asset or activity that is part of the Cycleron Pharmaceutical Business, on the other hand.

(49) “Law” means the law of any Governmental Entity or political subdivision thereof, including statutes, regulations promulgated thereunder, and administrative and judicial interpretations thereof.

(50) “New Ironwood Pharmaceutical Business” has the meaning set forth in the recitals to this Agreement.

(51) “Non-Controlling Party” has the meaning set forth in Section 9.2(b) of this Agreement.

(52) “Non-Responsible Party” means the Party that is not the Responsible Party.

(53) “Offering” has the meaning set forth in the Recitals to this Agreement.

(54) “Parties” and “Party” have the meaning set forth in the first sentence of this Agreement.

(55) “Past Practices” has the meaning set forth in Section 3.4(a) of this Agreement.

(56) “Payment Date” means (a) with respect to any consolidated U.S. federal Income Tax Return for the Affiliated Group of which Ironwood is the common parent, (i) the due date for any required installment of estimated taxes determined under Section 6655 of the Code, (ii)

the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, or (iii) the date the return is filed, as the case may be, and (b) with respect to any other Tax Return, the corresponding dates determined under the applicable Law.

(57) “Payor” has the meaning set forth in Section 4.2(a) of this Agreement.

(58) “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal Income Tax purposes.

(59) “Post-Distribution Period” means any Tax Period beginning after the Distribution Date and, in the case of any Straddle Period, the portion of such Tax Period beginning on the day after the Distribution Date.

(60) “Pre-Distribution Period” means any Tax Period ending on or before the Distribution Date and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date.

(61) “Post-Distribution Ruling” has the meaning set forth in Section 6.1 of this Agreement.

(62) “Preliminary Tax Advisor” has the meaning set forth in Section 13.3 of this Agreement.

(63) “Prime Rate” has the meaning set forth in the Separation Agreement.

(64) “Privilege” means any privilege that may be asserted under applicable Law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

(65) “Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by Cyclerion management or shareholders, is a hostile acquisition, merger, consolidation or otherwise, as a result of which any Person or any group of related Persons would (directly or indirectly) acquire, or have the right to acquire, from Cyclerion and/or one or more direct or indirect holders of outstanding shares of Cyclerion Capital Stock, a number of shares of Cyclerion Capital Stock that would, when combined with any other changes in ownership of Cyclerion Capital Stock pertinent for purposes of Section 355(e) of the Code (other than the Offering), comprise three percent (3%), or more of (a) the value of all outstanding shares of stock of Cyclerion as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of Cyclerion as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the

foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by Cycleron of a shareholder rights plan and (ii) issuances by Cycleron that satisfy Safe Harbor VIII (relating to acquisitions in connection with a Person's performance of services). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation. For the avoidance of doubt, the Offering shall not constitute a Proposed Acquisition Transaction.

- (66) "Representation Letters" means the statements of facts and representations, officer's certificates, representation letters and any other materials delivered or deliverable by Ironwood, its Affiliates (including Cycleron) or representatives thereof in connection with any Ruling Request or the rendering by Tax Advisor of the Tax Opinion.
- (67) "Required Party" has the meaning set forth in Section 4.2 of this Agreement.
- (68) "Responsible Party" means, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return under this Agreement.
- (69) "Restricted Period" means the period beginning at the Distribution Effective Time and ending on the two-year anniversary of the day after the Distribution Date.
- (70) "Retention Date" has the meaning set forth in Section 8.1 of this Agreement.
- (71) "Ruling" means a private letter ruling issued by the IRS to Ironwood in connection with the Separation Transactions.
- (72) "Ruling Request" means any letter or memorandum filed by Ironwood with the IRS requesting a ruling regarding certain Tax consequences of the Separation Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.
- (73) "Section 336(e) Allocation Statement" has the meaning set forth in Section 3.5(b)(ii) of this Agreement.
- (74) "Section 336(e) Election" has the meaning set forth in Section 3.5(b).
- (75) "Separate Return" means an Ironwood Separate Return or a Cycleron Separate Return, as the case may be.
- (76) "Separation" has the meaning set forth in the Separation Agreement.
- (77) "Separation Agreement" means the Separation Agreement, as amended from time to time, by and between Ironwood and Cycleron.

(78) “Separation Taxes” means any and all Taxes (other than Distribution Taxes) required to be paid by or imposed on a Party or any of its Affiliates resulting from, attributable to, or arising in connection with the Distribution or any other Separation Transaction including Transfer Taxes.

(79) “Separation Transactions” means the contribution to, and distribution of, Cycleron pursuant to the Separation, as described in Exhibit A.

(80) “Straddle Period” means any Tax Period that begins on or before and ends after the Distribution Date.

(81) “Subsidiary” has the meaning set forth in the Separation Agreement.

(82) “Substantial Authority” has the meaning set forth in Section 3.4(c) of this Agreement.

(83) “Tax” or “Taxes” means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, value added, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, escheat, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax), imposed by any Governmental Entity or political subdivision thereof, and any interest, penalty, additions to tax or additional amounts in respect of the foregoing.

(84) “Tax Advisor” means a tax counsel or tax accountant of recognized national standing.

(85) “Tax Attribute” means a net operating loss, carryforward under Section 163(j) of the Code, net capital loss, unused investment credit, unused foreign Tax credit, excess charitable contribution, general business credit, research and development credit, orphan drug credit, earnings and profits, basis, or any other Tax Item that could reduce a Tax or create a Tax Benefit.

(86) “Tax Benefit” means any Tax Refund, credit or other reduction in Tax payments (determined on a “with and without” basis).

(87) “Tax Contest” means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

(88) “Tax-Free Status” means the qualification of the Contribution and the Distribution, taken together, (a) as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code; (b) as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(d), 355(e) and 361(c) of the Code; and (c) as a transaction in which Ironwood, Cycleron and the shareholders of Ironwood recognize no income or gain for U.S. federal Income Tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than, in the case of Ironwood and Cycleron, intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

- (89) “Tax Authority” means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the assessment, administration, collection, enforcement, determination or imposition of such Tax for such entity or subdivision.
- (90) “Tax Item” means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.
- (91) “Tax Period” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Law.
- (92) “Tax Records” means any (a) Tax Returns, (b) Tax Return work papers, (c) documentation relating to any Tax Contests, and (d) any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Laws or under any record retention agreement with any Tax Authority, in each case filed with respect to or otherwise relating to Taxes.
- (93) “Tax Refund” means any refund of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, credited or applied to future Taxes payable), including any interest paid on or with respect to such refund of Taxes.
- (94) “Tax Return” or “Return” means any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document required to be filed under the Code or other Law with respect to Taxes, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.
- (95) “Third Party” means any Person other than the Parties or any of their respective Subsidiaries.
- (96) “Transaction Agreement” has the meaning set forth in the Separation Agreement.
- (97) “Transfer Taxes” means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Distribution or any of the other Separation Transactions (excluding, for the avoidance of doubt, any Income Taxes).
- (98) “Treasury Regulations” means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.
- (99) “Unqualified Tax Opinion” means an unqualified “will” opinion of a Tax Advisor, which Tax Advisor is reasonably acceptable to Ironwood, on which Ironwood may rely to the effect that a transaction will not affect the Tax-Free Status. Any such opinion must assume that the Contribution and the Distribution would have qualified for Tax-Free Status if the transaction in question did not occur.

ARTICLE II

LIABILITY FOR TAXES AND DISTRIBUTION LOSSES

Section 2.1. General Rule.

(a) Ironwood Liability. Ironwood shall be liable for, and shall indemnify and hold harmless the Cycleron Group from and against any liability for:

- (i) Taxes that are allocated to Ironwood under this Article II;
- (ii) Separation Taxes;
- (iii) any Taxes resulting from a breach of any of Ironwood's covenants in this Agreement, the Separation Agreement or any Ancillary Agreement; and
- (iv) any Distribution Losses that are the responsibility of Ironwood under Section 6.4.

(b) Cycleron Liability. Cycleron shall be liable for, and shall indemnify and hold harmless the Ironwood Group, in each case assuming the relevant member of the Ironwood Group is a Full Taxpayer, from and against any liability for:

- (i) Taxes that are allocated to Cycleron under this Article II;
- (ii) any Taxes resulting from a breach of any of Cycleron's covenants in this Agreement, the Separation Agreement or any Ancillary Agreement; and
- (iii) any Distribution Losses that are the responsibility of Cycleron under Section 6.4.

Section 2.2. Allocation Of Taxes For Pre-Distribution Periods. Except with respect to Taxes described in Section 2.1(a)(ii), Section 2.1(a)(iii), Section 2.1(a)(iv), Section 2.1(b)(ii) and Section 2.1(b)(iii), Taxes shall be allocated as follows:

(a) Allocation of Taxes Relating to Joint Returns. With respect to any Joint Return, Ironwood shall be responsible for any and all Taxes for Pre-Distribution Periods due with respect to or required to be reported on any such Tax Return (including any increase in such Tax as a result of a Final Determination) which Taxes are attributable to the New Ironwood Pharmaceutical Business or the Cycleron Pharmaceutical Business.

(b) Allocation of Tax Relating to Separate Returns.

(i) Ironwood shall be responsible for any and all Taxes for (A) Complete Pre-Distribution Periods due with respect to or required to be reported on any Cycleron Separate Return and (B) all Tax Periods due with respect to or required to be reported on any Ironwood Separate Return (including, in each case, any increase in such Tax as a result of a Final Determination).

(ii) Cyclerion shall be responsible for any and all Taxes due with respect to or required to be reported on any Cyclerion Separate Return for (A) Pre-Distribution Periods (other than Complete Pre-Distribution Periods) and (B) Post-Distribution Periods (including, in each case, any increase in such Tax as a result of a Final Determination).

ARTICLE III

PREPARATION AND FILING OF TAX RETURNS

Section 3.1. Ironwood's Responsibility. Ironwood shall prepare and file, or cause to be prepared and filed:

- (a) All Joint Returns that Ironwood or any of its Affiliates is legally responsible for preparing or filing under applicable Law; and
- (b) Ironwood Separate Returns.

Section 3.2. Cyclerion's Responsibility. Cyclerion shall prepare and file, or cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Cyclerion Group other than those Tax Returns which Ironwood is required to prepare and file under Section 3.1. The Tax Returns required to be prepared and filed by Cyclerion under this Section 3.2 shall include any Cyclerion Separate Returns.

Section 3.3. Cooperation. The Parties shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Article VII with respect to the preparation and filing of Tax Returns, including providing information required to be provided in Article VII.

Section 3.4. Tax Reporting Practices.

(a) Ironwood General Rule. Except as provided in Section 3.4(c), Ironwood shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.1, in accordance with the past practices, accounting methods, elections or conventions of Ironwood ("Past Practices") used with respect to the items reflected on such Tax Return (unless there is no reasonable basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices), in accordance with reasonable Tax accounting practices selected by Ironwood.

(b) Cyclerion General Rule. Except as provided in Section 3.4(c), with respect to any Tax Return that Cyclerion has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.2, such Tax Return shall be prepared in accordance with Past Practices used with respect to the items reflected on such Tax Returns (unless there is no reasonable basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices), in accordance with reasonable Tax accounting practices selected by Cyclerion.

(c) Reporting of Separation Transactions and Other Transactions. The Tax treatment of the Separation Transactions reported on any Tax Return shall be consistent with the treatment thereof in the Ruling Request, Rulings, Representation Letters and Unqualified Tax Opinion, and the Tax treatment of the transactions contemplated by the Transition Services Agreement reported on any Tax Return shall be consistent with the treatment determined by Ironwood in its sole discretion, in each case taking into account the jurisdiction in which such Tax Returns are filed, unless the Parties jointly determine that there is not at least “substantial authority,” within the meaning of Section 6662(d)(2)(B)(i) of the Code (or any corresponding or similar provision of state, local or foreign Law) (“Substantial Authority”) for such Tax treatment. Such treatment reported on any Tax Return for which Cycleron is the Responsible Party shall be consistent with that on any Tax Return filed or to be filed by Ironwood or any member of the Ironwood Group or caused or to be caused to be filed by Ironwood, unless the Parties jointly determine that there is not Substantial Authority for such Tax treatment. Notwithstanding the foregoing, Ironwood shall have the right to make a “protective” Section 336(e) Election in accordance with Section 3.5(b).

Section 3.5. Certain Elections.

(a) Consolidated or Combined Tax Returns. Cycleron will elect and join, and will cause its respective Affiliates to elect and join, in filing any Joint Returns that Ironwood determines are required to be filed or that Ironwood elects to file pursuant to Section 3.1(a).

(b) Protective Section 336(e) Election.

(i) The Parties agree that Ironwood in its sole discretion may make, and Cycleron will join in filing, timely protective elections under Section 336(e) of the Code and the Treasury Regulations issued thereunder, including under Treasury Regulation Sections 1.336-2(h)(1)(i) and 1.336-2(j), for each member of the Cycleron Group that is a domestic corporation for U.S. federal Tax purposes with respect to the Distribution (a “Section 336(e) Election”). It is intended that a Section 336(e) Election will have no effect unless the Distribution is a “qualified stock disposition,” as defined in Treasury Regulation Section 1.336-1(b)(6), by reason of the application of Treasury Regulation Section 1.336-1(b)(5)(i)(B) or Treasury Regulation Section 1.336-1(b)(5)(ii).

(ii) If Ironwood determines to make a Section 336(e) Election pursuant to Section 3.5(b)(i), Ironwood and Cycleron shall cooperate in the preparation, completion and filing of the Section 336(e) Election, including filing any statements, amending any Tax Returns or undertaking such other actions reasonably necessary to carry out the Section 336(e) Election. Ironwood shall reasonably determine the “Aggregate Deemed Asset Disposition Price” and the “Adjusted Grossed-Up Basis” (each as defined under applicable Treasury Regulations) and the allocation of such Aggregate Deemed Asset Disposition Price and Adjusted Grossed-Up Basis among the disposition date assets of Cycleron and its Subsidiaries, each in accordance with Section 336(e) of the Code and the applicable Treasury Regulations (the “Section 336(e) Allocation Statement”), and shall provide Cycleron (A) a draft of such statement for its review and comment fifteen (15) Business Days prior to the due date for filing such statement and (B) a copy of such statement as filed. To the extent the Section 336(e)

Election becomes effective, each Party agrees not to take any position (and to cause each of its Affiliates not to take any position) that is inconsistent with the Section 336(e) Election, including the Section 336(e) Allocation Statement, on any Tax Return, in connection with any Tax Contest or for any other Tax purposes (in each case, excluding any position taken for financial accounting purposes), except as may be required by a Final Determination.

Section 3.6. Right to Review Tax Returns. The Responsible Party with respect to any Tax Return shall make the portion of a draft of such Tax Return which is relevant to the determination of the other Party's rights or obligations under this Agreement available for review by the other Party, if requested, to the extent (a) such Tax Return relates to Taxes that could reasonably be expected to be equal to or in excess of \$100,000 and that are the subject of a Tax Contest and for which the requesting Party would reasonably be expected to be liable, (b) such Tax Return relates to a Tax Benefit that could reasonably be expected to be equal to or in excess of \$100,000 and for which the requesting Party would reasonably be expected to have a claim under this Agreement, or (c) the requesting Party reasonably determines that it must inspect such Tax Return to confirm compliance with the terms of this Agreement. The Responsible Party shall (x) use its reasonable best efforts to make such portion of such Tax Return available for review as required under this paragraph sufficiently in advance of the due date for filing of such Tax Return to provide the requesting Party with a meaningful opportunity to analyze and comment on such Tax Return and (y) use reasonable efforts to have such Tax Return modified before filing in accordance with any reasonable comments of the requesting Party. The Parties shall attempt in good faith to resolve any issues arising out of the review of such Tax Return.

Section 3.7. Adjustment Requests and Cyclерion Carrybacks.

(a) Cyclерion hereby agrees that, unless Ironwood consents in writing (which consent may not be unreasonably withheld, conditioned or delayed) or as required by Law, (i) no Cyclерion Entity shall file an Adjustment Request with respect to any Tax Return for a Pre-Distribution Period or Straddle Period, and (ii) any available elections to waive the right to claim in any Pre-Distribution Period with respect to any Tax Return any Cyclерion Carryback arising in a Post-Distribution Period shall be made, and no affirmative election shall be made to claim any such Cyclерion Carryback. In the event that Cyclерion (or the appropriate member of the Cyclерion Group) is prohibited by applicable Law from waiving or otherwise forgoing a Cyclерion Carryback or Ironwood consents to a Cyclерion Carryback, Ironwood shall cooperate with Cyclерion, at Cyclерion's expense, in seeking from the appropriate Tax Authority such Tax Benefit as reasonably would result from such Cyclерion Carryback, to the extent that such Tax Benefit is directly attributable to such Cyclерion Carryback, and shall pay over to Cyclерion the amount of such Tax Benefit within thirty (30) days after such Tax Benefit is realized (as determined on a "with and without" basis); provided, however, that Cyclерion shall indemnify and hold the members of the Ironwood Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Cyclерion Carryback, including, without limitation, the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the Ironwood Group if (i) such Tax Attributes expire unused, but would have been utilized but for such Cyclерion Carryback, or (ii) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been used but for such Cyclерion Carryback.

(b) Ironwood hereby agrees that, unless Cyclerion consents in writing (which consent may not be unreasonably withheld, conditioned, or delayed) or as required by Law, no member of the Ironwood Group shall file any Adjustment Request with respect to any Tax Return if the result could reasonably be expected to change the Tax liability for which any member of the Cyclerion Group is liable under Section 2.1(b) for any Tax Period in an amount equal to or in excess of \$50,000.

Section 3.8. Apportionment Of Tax Attributes. Ironwood shall advise Cyclerion in writing of a reasonable allocation of any Tax Attributes, which Ironwood shall determine in accordance with a reasonable interpretation of the Code, Treasury Regulations, and any other applicable Law, and Ironwood shall consider in good faith any reasonable comments provided by Cyclerion regarding such allocation. The Parties and all members of their respective Groups shall prepare all Tax Returns in accordance with such allocation. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, the Parties agree that Ironwood is not warranting or guaranteeing the amount of any such Tax Attributes.

Section 3.9. Ironwood and Cyclerion Income Tax Deductions in Respect of Certain Equity Awards and Compensation. Unless otherwise required by a change in applicable Law following the date of this Agreement or by a Final Determination, (a) Ironwood shall be the sole person entitled to claim any Income Tax deduction in respect of any (i) compensatory options on Ironwood stock that are vested as of the Distribution Date, (ii) compensatory options on Ironwood stock or on Cyclerion stock issued in respect of options described in clause (a)(i) in connection with the Distribution, (iii) compensatory options on Ironwood stock that are unvested as of the Distribution Date, (iv) any compensatory options on Ironwood stock issued in respect of compensatory options described in clause (a)(iii) in connection with the Distribution, (v) restricted stock units of Ironwood that are unvested as of the Distribution Date, and (vi) any restricted stock units of Ironwood issued in respect of restricted stock units described in clause (a)(v) in connection with the Distribution, (b) Cyclerion shall be the sole person entitled to claim any Income Tax deduction in respect of any (i) compensatory options on Cyclerion stock issued in respect of compensatory options described in clause (a)(iii) in connection with the Distribution, and (ii) restricted stock units of Cyclerion issued in respect of restricted stock units described in clause (a)(v) in connection with the Distribution, and (c) in the case of any equity awards or other compensation not governed by subsection (a) or subsection (b) above, the member of the Group (or the person acting as the agent for such member under Treasury Regulation Section 1.1502-76 or any similar provision under U.S. state or local or foreign Law) for which the relevant individual is currently employed or, if such individual is not currently employed by a member of the Group, was most recently employed at the time of the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of equity awards and other compensation, shall be the sole person entitled to claim any Income Tax deduction in respect of such equity awards and other compensation on its respective Tax Return associated with such event; provided, however, that Ironwood may, in its sole and absolute discretion, claim a prorated Income Tax deduction (determined by multiplying the amount of any Income Tax deduction by a fraction, the numerator of which is the number of days in the service period while employed by Ironwood and the denominator of which is the applicable vesting period for the compensatory options or restricted stock units) in the case of any compensatory options on Cyclerion Stock or restricted stock units of Cyclerion that would otherwise be described in clause (b), to the extent such compensatory options or restricted stock

units partially vested as of the Distribution Date, in which case each of Ironwood and Cycleron shall be the sole person entitled to claim any Income Tax deduction in respect of its respective prorated share thereof.

Section 3.10. Withholding and Reporting. The person or persons that claim a deduction in accordance with Section 3.9 shall be responsible for all applicable Taxes (including payroll, employment and excise taxes, but excluding withholding taxes which shall be governed by Section 5.2(d) of the Employee Matters Agreement) in respect of the compensation that gives rise to such deduction, in the same proportions as such persons share such deduction under Section 3.9. Except as expressly set forth in the Employee Matters Agreement or any Ancillary Agreement, all matters relating to the employer tax withholding and reporting obligations of the Parties and their respective Subsidiaries shall be governed exclusively by Section 5.2(d) of the Employee Matters Agreement.

ARTICLE IV

TAX PAYMENTS

Section 4.1. Payment of Joint Return and Separate Return Taxes. Each Party shall pay, or shall cause to be paid, to the applicable Tax Authority when due all Taxes owed by such Party or a member of such Party's Group with respect to a Joint Return or Separate Return.

Section 4.2. Indemnification Payments.

(a) If any Party (the "Payor") is required under applicable Law to pay to a Tax Authority a Tax that another Party (the "Required Party") is liable for under this Agreement, the Payor shall provide notice to the Required Party for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Such Required Party shall have a period of thirty (30) days after the receipt of notice to respond thereto. Unless the Required Party disputes the amount it is liable for under this Agreement, the Required Party shall reimburse the Payor within forty-five (45) Business Days of delivery by the Payor of the notice described above. To the extent the Required Party does not agree with the amount the Payor claims the Required Party is liable for under this Agreement, the dispute shall be resolved in accordance with Article XIII. Any reimbursement shall include interest on the Tax payment computed at the Prime Rate based on the number of days from the date of the payment to the Tax Authority to the date of reimbursement under this Section 4.2.

(b) Any Tax indemnity payment required to be made by the Required Party pursuant to this Section 4.2 shall be reduced by any corresponding Tax Benefit payment required to be made to the Required Party by the other Party pursuant to Article V. For the avoidance of doubt, a Tax Benefit payment is treated as corresponding to a Tax indemnity payment to the extent the Tax Benefit realized is directly attributable to the same Tax Item (or adjustment of such Tax Item pursuant to a Final Determination) that gave rise to the Tax indemnity payment.

(c) All indemnification payments under this Agreement shall be made by Ironwood directly to Cycleron and by Cycleron directly to Ironwood; provided, however, that if

the Parties mutually agree with respect to any such indemnification payment, any member of the Ironwood Group, on the one hand, may make such indemnification payment to any member of the Cyclerion Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Article XII.

ARTICLE V

TAX BENEFITS

Section 5.1. Tax Benefits.

(a) If a member of the Cyclerion Group realizes any Tax Benefit resulting from, attributable to or arising in connection with a Section 336(e) Election, and such Tax Benefit would not have arisen but for such election (determined on a “with and without” basis), Cyclerion shall make a payment to Ironwood within thirty (30) Business Days following each such realization of a Tax Benefit, in an amount equal to (A) the product of (x) such Tax Benefit, times (y) the percentage of the total related Distribution Losses represented by the portion of such total Distribution Losses for which the Ironwood Group is responsible pursuant to Section 6.4, plus (B) interest on such amount computed at the Prime Rate based on the number of days from the date of such actual realization of the Tax Benefit to the date of payment of such amount under this Section 5.1; provided, however, that (i) such payments shall be reduced by all reasonable costs incurred by the Cyclerion Group to amend any Tax Returns or other governmental filings, and (ii) if a Tax Benefit is realized (determined on a “with and without” basis) as a result of an audit adjustment by a tax authority for a tax period that has already been completed as of the time of such adjustment, then, solely for purposes of determining (x) the date on which Cyclerion must make a payment to Ironwood in respect of such Tax Benefit, (y) the date on which Cyclerion must provide the notice described in Section 5.1(b), and (z) the date from which interest computed at the Prime Rate accrues on such amount, such Tax Benefit shall be treated as having been realized as of the date on which the applicable tax authority issued such adjustment.

(b) No later than thirty (30) Business Days after a Tax Benefit described in Section 5.1 is realized by a member of the Cyclerion Group, Cyclerion shall provide Ironwood with notice of the amount payable to Ironwood by Cyclerion pursuant to this Article V. In the event that Ironwood disagrees with any such calculation described in this Section 5.1(b), Ironwood shall so notify Cyclerion in writing within thirty (30) Business Days of receiving the written calculation set forth above in this Section 5.1(b). Ironwood and Cyclerion shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Article V shall be determined in accordance with the disagreement resolution provisions of Article XIII as promptly as practicable.

ARTICLE VI

TAX-FREE STATUS

Section 6.1. Restrictions on Cycleron.

(a) Cycleron will not take or fail to take, or permit any Cycleron Affiliate, as the case may be, to take or fail to take, any action (i) where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation from Cycleron in any Representation Letters, Unqualified Tax Opinion, Ruling Request or Ruling, or (ii) which adversely affects or could reasonably be expected to adversely affect the Tax-Free Status of the Separation, the Distribution, or any other Separation Transaction.

(b) During the Restricted Period, Cycleron shall continue and cause to be continued the Active Conduct of the Cycleron Pharmaceutical Business.

(c) During the Restricted Period, Cycleron shall not:

(i) enter into any Proposed Acquisition Transaction, approve any Proposed Acquisition Transaction for any purpose, or to the extent Cycleron or any other member of the Cycleron Group has the right to prohibit any Proposed Acquisition Transaction, allow any Proposed Acquisition Transaction to occur (including, but not limited to, by (A) redeeming rights under a shareholder rights plan, (B) finding a tender offer to be a “permitted offer” under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction, (C) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any “fair price” or other provision of Cycleron’s charter or bylaws, (D) amending its certificate of incorporation to declassify its Board of Directors or approving any such amendment, or otherwise) with respect to Cycleron;

(ii) merge or consolidate with any other Person, unless Cycleron is the survivor of such merger or consolidation, liquidate or partially liquidate;

(iii) engage (or permit a Cycleron Affiliate to engage) in any transaction that would result in Cycleron ceasing to be a company engaged in the Active Conduct of any Active Trade or Business;

(iv) make or revoke any election under Treasury Regulation Section 301.7701-3;

(v) in one or more transactions, sell, transfer or dispose of, or enter into any other transaction(s) treated for U.S. federal Income Tax purposes as a sale or exchange of (or approve or allow the sale, transfer or other disposition of, or other transaction(s) treated for U.S. federal Income Tax purposes as a sale or exchange of) 25% or more of the net or gross assets of any Active Trade or Business (such percentage to be measured based on fair market value as of the Distribution Date), in each case other than (A) sales or transfers of assets in the ordinary course of business, (B) any cash paid to acquire assets from an unrelated Person in an arm’s-length transaction, (C) any assets transferred to a Person that is disregarded as an entity separate from the transferor for U.S. federal Income Tax purposes or (D) any mandatory or optional repayment (or prepayment) of any indebtedness of Cycleron or any member of the Cycleron Group;

(vi) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Cyclerion Capital Stock (including, without limitation, through the conversion of one class of Cyclerion Capital Stock into another class of Cyclerion Capital Stock); or

(vii) redeem or otherwise repurchase, directly or through any Affiliate, any of its outstanding stock, or rights to acquire stock, after the Distribution, other than through purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 (without regard to the effect of Revenue Procedure 2003-48 on Revenue Procedure 96-30);

provided, however, that Cyclerion shall be permitted to take such action or one or more actions set forth in the foregoing clauses (i) through (vii) if, prior to taking any such actions, (1) Cyclerion shall have received a favorable private letter ruling from the IRS, that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate (a “Post-Distribution Ruling”), in form and substance satisfactory to Ironwood, acting reasonably and in good faith solely to prevent the imposition on Ironwood, or responsibility for payment by Ironwood, of Distribution Taxes (and/or to avoid or delay Ironwood Attribute Losses) (including consideration of the reasonableness of any representations made in connection with such Post-Distribution Ruling); (2) Cyclerion shall have received an Unqualified Tax Opinion that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate, in form and substance satisfactory to Ironwood (including any representations or assumptions that may be included in such Unqualified Tax Opinion), acting reasonably and in good faith solely to prevent the imposition on Ironwood, or responsibility for payment by Ironwood, of Distribution Taxes (and/or to avoid or delay Ironwood Attribute Losses); or (3) Ironwood shall have waived the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion. Unless Ironwood shall have waived the requirement to obtain the Post-Distribution Ruling or Unqualified Tax Opinion described in this paragraph, Cyclerion shall provide a copy of the Post-Distribution Ruling or the Unqualified Tax Opinion described in this paragraph to Ironwood as soon as practicable prior to taking or failing to take any action set forth in the foregoing clause (i) through (vii). Ironwood’s evaluation of a Post-Distribution Ruling or Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations, and covenants made in connection with such Post-Distribution Ruling or Unqualified Tax Opinion. Cyclerion shall bear all costs and expenses of securing any such Post- Distribution Ruling or Unqualified Tax Opinion and shall reimburse Ironwood for all reasonable out-of-pocket costs and expenses that Ironwood may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion.

(d) Cyclerion shall not take or fail to take any action (including any Internal Restructuring described in Section 6.1(e)), in the Restricted Period, that would reasonably be expected to increase the Tax liability of the Ironwood Group in connection with the Separation Transactions.

(e) Cyclerion shall not engage in, cause or permit any contribution, sale, exchange, disposition or other transfer of any of the material assets directly or indirectly contributed to Cyclerion or any of its Affiliates as described in the Separation Agreement, to Cyclerion or any of its Affiliates, apart from sales in the ordinary course of business (any such action, an “Internal Restructuring”) during or with respect to any Tax Period (or portion thereof) ending on or prior to the end of the Restricted Period if Cyclerion, after consultation with a Tax Advisor, believes there is a substantial possibility that the Internal Restructuring could adversely affect the Tax-Free Status, unless Cyclerion shall first consult with Ironwood regarding any such proposed actions reasonably in advance of taking any such proposed actions and consider in good faith any comments from Ironwood relating thereto.

Section 6.2. Restrictions on Ironwood. Ironwood agrees that it will not take or fail to take, or permit any Ironwood Affiliate, as the case may be, to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Ruling Request, Representation Letter or Unqualified Tax Opinion. Ironwood agrees that it will not take or fail to take, or permit any Ironwood Affiliate, as the case may be, to take or fail to take, any action which adversely affects or could reasonably be expected to adversely affect the Tax-Free Status of the Separation, the Distribution, or any other Separation Transaction; provided, however, that this Section 6.2 shall not be construed as obligating Ironwood to consummate the Separation or the Distribution, nor shall it be construed as preventing Ironwood from terminating the Separation Agreement pursuant to Section 10.10 thereof. For the avoidance of doubt, Cyclerion’s sole recourse for violations of this Section 6.2 shall be as set forth in Section 6.4.

Section 6.3. Rulings. Cyclerion hereby agrees that Ironwood shall have sole and exclusive control over the process of obtaining any Ruling, and that only Ironwood shall apply for a Ruling. Neither Cyclerion nor any Cyclerion Affiliate directly or indirectly controlled by Cyclerion shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Separation or the Distribution (including the impact of any transaction on the Tax-Free Status of the Separation or the Distribution or the intended Tax treatment of any other Separation Transaction) without the prior written consent of Ironwood, such consent not to be unreasonably withheld.

Section 6.4. Liability For Distribution Losses. In the event that, pursuant to a Final Determination, Distribution Taxes become due and payable to a Tax Authority or an Ironwood Attribute Loss occurs, then, notwithstanding anything to the contrary in this Agreement:

(a) if and to the extent such Distribution Taxes and/or Ironwood Attribute Losses result from Section 355(e) of the Code:

(i) as a result of an acquisition of a Fifty-Percent or Greater Interest in Ironwood, then Ironwood shall be responsible for any Distribution Losses.

(ii) as a result of an acquisition of a Fifty-Percent or Greater Interest in Cyclerion, then Cyclerion shall be responsible for any Distribution Losses.

(b) if and to the extent such Distribution Taxes and/or Ironwood Attribute Losses do not result from Section 355(e) of the Code:

(i) if such Distribution Taxes and/or Ironwood Attribute Losses are attributable to a Cyclerion Disqualifying Act and are not also attributable to an Ironwood Disqualifying Act, then Cyclerion shall be responsible for any Distribution Losses;

(ii) if such Distribution Taxes and/or Ironwood Attribute Losses are attributable to an Ironwood Disqualifying Act and are not also attributable to a Cyclerion Disqualifying Act, then Ironwood shall be responsible for any Distribution Losses;

(iii) if such Distribution Taxes and/or Ironwood Attribute Losses are attributable to both a Cyclerion Disqualifying Act and an Ironwood Disqualifying Act, then responsibility for any Distribution Losses shall be shared by Ironwood and Cyclerion according to relative fault; and

(iv) if such Distribution Taxes and/or Ironwood Attribute Losses are not attributable to an Ironwood Disqualifying Act or a Cyclerion Disqualifying Act, then Ironwood shall be responsible for any Distribution Losses.

For the avoidance of doubt, and notwithstanding anything to the contrary in this Agreement, under no circumstances shall Ironwood be liable to Cyclerion in respect of any Ironwood Attribute Losses.

ARTICLE VII

ASSISTANCE AND COOPERATION

Section 7.1. Assistance and Cooperation.

(a) The Parties shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Parties and their Affiliates including (i) preparation and filing of Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making all information and documents in their possession relating to the other Party and its Affiliates reasonably available to such other Party as provided in Article VIII of this Agreement. Each of the Parties shall also make available to the other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Parties or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes. The Cyclerion Group shall cooperate with Ironwood and take any and all actions reasonably requested by Ironwood in connection with obtaining the Unqualified Tax Opinion or Post-Distribution Ruling (including, without limitation, by making any new representation or covenant, confirming any previously made representation or covenant or providing any materials

or information requested by any Tax Advisor; provided that Cycleron shall not be required to make or confirm any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control).

(b) Any information or documents provided under this Article VII shall be kept confidential by the Party receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision of this Agreement, the Separation Agreement or any Ancillary Agreement, (i) neither Ironwood nor any Ironwood Affiliate shall be required to provide Cycleron or any Cycleron Affiliate or any other Person access to or copies of any information, documents or procedures (including the proceedings of any Tax Contest) other than information, documents or procedures that relate solely to Cycleron, the business or assets of Cycleron or any Cycleron Affiliate, (ii) in no event shall Ironwood or any Ironwood Affiliate be required to provide Cycleron, any Cycleron Affiliate or any other Person access to or copies of any information or documents if such action could reasonably be expected to result in the waiver of any Privilege, and (iii) in no event shall Cycleron or any Cycleron Affiliate be required to provide Ironwood, any Ironwood Affiliate or any other Person access to or copies of any information or documents if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that Ironwood determines that the provision of any information or documents to Cycleron or any Cycleron Affiliate, or Cycleron determines that the provision of any information or documents to Ironwood or any Ironwood Affiliate, could be commercially detrimental, violate any Law or agreement or waive any Privilege, the Parties shall use reasonable best efforts to permit compliance with its obligations under this Article VII in a manner that avoids any such harm or consequence.

Section 7.2. Income Tax Return Information. Each Party shall provide to the other Party information and documents relating to its Group reasonably required by the other Party to prepare Tax Returns, including any pro forma returns required by the Responsible Party for purposes of preparing such Tax Returns. Any information or documents the Responsible Party requires to prepare such Tax Returns shall be provided in such form as the Responsible Party reasonably requests and at or prior to the time reasonably specified by the Responsible Party so as to enable the Responsible Party to file such Tax Returns on a timely basis. Cycleron and Ironwood acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Ironwood or Cycleron pursuant to Section 7.1 or this Section 7.2. Cycleron and Ironwood acknowledge that failure to conform to the reasonable deadlines set by Ironwood or Cycleron could cause irreparable harm.

Section 7.3. Reliance by Ironwood. If any member of the Cycleron Group supplies information to a member of the Ironwood Group in connection with any Tax position and an officer of a member of the Ironwood Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Ironwood Group identifying the information being so relied upon, the chief financial officer of Cycleron (or any officer of Cycleron as designated by the chief financial officer of Cycleron) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

Section 7.4. Reliance by Cycleron. If any member of the Ironwood Group supplies information to a member of the Cycleron Group in connection with any Tax position and an officer of a member of the Cycleron Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Cycleron Group identifying the information being so relied upon, the chief financial officer of Ironwood (or any officer of Ironwood as designated by the chief financial officer of Ironwood) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

ARTICLE VIII

TAX RECORDS

Section 8.1. Retention of Tax Records. Each Party shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Distribution Periods, and Ironwood shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Distribution Periods, for so long as the contents thereof may be material in the administration of any matter under the Code or other applicable Law, but in any event until the later of (i) the expiration of any applicable statutes of limitations, or (ii) seven (7) years after the Distribution Date (such later date, the "Retention Date"). After the Retention Date, each Party may dispose of such Tax Records upon sixty (60) Business Days' prior written notice to the other Party. If, prior to the Retention Date, a Party reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Article VIII are no longer material in the administration of any matter under the Code or other applicable Law and the other Party agrees, then such first Party may dispose of such Tax Records upon sixty (60) Business Days' prior notice to the other Party. Any notice of an intent to dispose given pursuant to this Section 8.1 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book, or other record accumulation being disposed. The notified Party shall have the opportunity, at its cost and expense, to copy or remove, within such sixty (60) Business Day period, all or any part of such Tax Records. If, at any time prior to the Retention Date, a Party determines to decommission or otherwise discontinue any computer program or information technology system used to access or store any Tax Records, then such Party may decommission or discontinue such program or system upon ninety (90) Business Days' prior notice to the other Party and the other Party shall have the opportunity, at its cost and expense, to copy, within such ninety (90) Business Day period, all or any part of the underlying data relating to the Tax Records accessed by or stored on such program or system.

Section 8.2. Access to Tax Records. The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Tax Authority or other Tax auditor direct access, at the cost and expense of such other Party, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the

preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

Section 8.3. Preservation of Privilege. No Party or any of its Affiliates shall provide access to, copies of, or otherwise disclose to any Person any documentation relating to Taxes existing prior to the Distribution Date to which Privilege may reasonably be asserted without the prior written consent of the other Party, such consent not to be unreasonably withheld.

ARTICLE IX

TAX CONTESTS

Section 9.1. Notice. Each of the Parties shall provide prompt notice to the other Party of any written communication from a Tax Authority regarding any pending Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware related to Taxes for Tax Periods (i) for which it may be indemnified by the other Party hereunder or (ii) for which it may be required to indemnify the other Party hereunder (excluding, in the case of clause (ii), any Taxes attributable to any Post-Distribution Period), or otherwise relating to the Tax-Free Status or the Separation Transactions (including the resolution of any Tax Contest relating thereto). Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified Party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such Party fails to give the indemnifying Party prompt notice of such asserted Tax liability and the indemnifying Party is entitled under this Agreement to contest the asserted Tax liability, then (a) if the indemnifying Party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying Party shall have no obligation to indemnify the indemnified Party for any Taxes arising out of such asserted Tax liability, and (b) if the indemnifying Party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a material monetary detriment to the indemnifying Party, then any amount which the indemnifying Party is otherwise required to pay the indemnified Party pursuant to this Agreement shall be reduced by the amount of such detriment.

Section 9.2. Control of Tax Contests.

(a) Joint Return. In the case of any Tax Contest with respect to any Joint Return, Ironwood shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability; provided, however, that in the case of any Tax Contest with respect to any Joint Return regarding Distribution Taxes for which Cycleron may reasonably be expected to become liable to make any indemnification payment to Ironwood under this Agreement, Cycleron shall have the right to participate in such Tax Contest, and Ironwood shall not settle such Tax Contest without the consent of Cycleron, which consent Cycleron shall not unreasonably withhold, condition or delay, taking into account the likelihood of success of such Tax Contest on its merits.

(b) Separate Returns. In the case of any Tax Contest with respect to any Separate Return, the Party having liability for the Tax pursuant to Article II hereof shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Section 9.2(b)(i) and (ii) below.

(i) Settlement Rights. The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Tax Contest without obtaining the prior consent of the Non-Controlling Party, provided, however, that the Controlling Party shall not settle any Tax Contest with respect to which the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement without the Non-Controlling Party's prior written consent (which consent may not be unreasonably withheld, conditioned, or delayed). Unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (A) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (B) the Controlling Party shall timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (C) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (D) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; and (E) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party. In the case of any Tax Contest described in this Section 9.2(b), "Controlling Party" means the Party entitled to control the Tax Contest under such section and "Non-Controlling Party" means the other Party.

(ii) Tax Contest Participation. Unless waived by the Parties in writing, the Controlling Party shall provide the Non-Controlling Party with written notice reasonably in advance of, and the Non-Controlling Party shall have the right to attend, any formally scheduled meetings with Tax Authorities or hearings or proceedings before any judicial authorities in connection with any potential adjustment in a Tax Contest pursuant to which the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement. The failure of the Controlling Party to provide any notice specified in this Section 9.2(b)(ii) to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability or obligation which it may have to the Controlling Party under this

Agreement except to the extent that the Non- Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

ARTICLE X

EFFECTIVE DATE

This Agreement shall be effective as of the date hereof.

ARTICLE XI

SURVIVAL OF OBLIGATIONS

The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

ARTICLE XII

TAX TREATMENT OF PAYMENTS

Section 12.1. General Rule. Except as otherwise required by a change in applicable Law or as otherwise agreed to among the Parties, any payment made pursuant to this Agreement, the Separation Agreement or any Ancillary Agreement by: (a) Cycleron to Ironwood shall be treated for all Tax purposes as (i) an adjustment to any cash contributed by Ironwood to Cycleron in the Contribution, to the extent of such cash contribution, and thereafter (ii) a distribution by Cycleron to Ironwood with respect to stock of Cycleron held by Ironwood occurring immediately before the Distribution; or (b) Ironwood to Cycleron shall be treated for all Tax purposes as a tax-free contribution by Ironwood to Cycleron with respect to stock of Cycleron held by Ironwood occurring immediately before the Distribution; provided, however, that the foregoing treatment shall apply in each case only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the Treasury Regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Laws); provided, further, that any payments made by Cycleron to Ironwood pursuant to Section 5.1 shall be treated as an adjustment to the amount deemed contributed to Cycleron by Ironwood in respect of the corresponding indemnity payment pursuant to Section 4.2. Neither Party shall take any position inconsistent with the treatment described in the preceding sentence, and in the event that a Tax Authority asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as set forth in the preceding sentence, such Party shall use its commercially reasonable efforts to contest such challenge.

Section 12.2. Gross-Up of Indemnification Payments Made Pursuant to this Agreement. Except to the extent provided in Section 12.3, any Tax indemnity payment made by a Party under this Agreement shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such indemnity payment, the recipient Party receives an amount equal to the sum it would have received had no such Taxes been imposed. For the

avoidance of doubt, all payments required to be made by Cycleron to Ironwood pursuant to this Section 12.2 shall be calculated assuming all members of the Ironwood Group are Full Taxpayers.

Section 12.3. Interest. Anything herein to the contrary notwithstanding, to the extent one Party makes a payment of interest to another Party under this Agreement with respect to the period from the date that the Party receiving the interest payment made a payment of Tax to a Tax Authority to the date that the Party making the interest payment reimbursed the Party receiving the interest payment for such Tax payment, the interest payment shall be treated as interest expense to the Party making such payment (deductible to the extent provided by Law) and as interest income by the Party receiving such payment (includible in income to the extent provided by Law). The amount of the payment shall not be adjusted to take into account any reduction in Tax to the Party making such payment or increase in Tax to the Party receiving such payment.

ARTICLE XIII

DISPUTE RESOLUTION

Section 13.1. Negotiation. A Party seeking resolution of (i) a controversy, dispute or Action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transactions contemplated hereby, including any Action based on contract, tort, statute or constitution, (collectively, "Disputes") shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail ("Dispute Notice"). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided, that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cycleron shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article XIII.

Section 13.2. Arbitration. Any Dispute that is not resolved pursuant to Section 14.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration pursuant to the procedures set forth in Section 8.2 of the Separation Agreement.

Section 13.3. Referral To Tax Advisor For Computational Or Tax Law Disputes. Notwithstanding anything to the contrary in Article XIII, with respect to any Dispute involving one or more computational matters or pure questions of Tax Law, if the Parties are not able to resolve the Dispute through the negotiation process set forth in Section 13.1, then such computational matters or pure questions of Tax Law (each, a "Disputed Tax Matter") will be

referred to a Tax Advisor acceptable to each of the Parties to act as an arbitrator solely in order to resolve the Disputed Tax Matters. In the event that the Parties are unable to agree upon a Tax Advisor within forty-five (45) days of receipt of a Dispute Notice, the Parties shall each separately retain an independent, nationally recognized Law or accounting firm (each, a "Preliminary Tax Advisor"), which Preliminary Tax Advisors shall jointly select a Tax Advisor on behalf of the Parties to act as an arbitrator in order to resolve the Disputed Tax Matters. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall furnish written notice to the Parties of its resolution of any such Dispute Tax Matters as soon as practical, but in any event no later than thirty (30) Business Days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor will be conclusive and binding on the Parties, and shall not be reviewable by the arbitrator of the underlying Dispute under Section 13.2. Following receipt of the Tax Advisor's written notice to the Parties of its resolution of the Dispute Tax Matters, the Parties shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. Each Party shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the Disputed Tax Matters to the Tax Advisor (and the Preliminary Tax Advisors, if any). All fees and expenses of the Tax Advisor (and the Preliminary Tax Advisors, if any) in connection with such referral shall be shared equally by the Parties. For the avoidance of doubt, the arbitrator of the underlying Dispute under Section 13.2 shall resolve all portions of any Dispute that are not Disputed Tax Matters, and shall resolve any question as to whether any portion of a Dispute is a Disputed Tax Matter.

Section 13.4. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

Section 13.5. Injunctive or Other Equity Relief. Nothing contained in this Agreement shall deny any Party the right to seek injunctive or other equitable relief in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing arbitration proceeding; provided, however, that any other relief not expressly permitted under this Section 13.5 must be pursued in accordance with Section 13.2, with all remedies being cumulative to the extent allowed by applicable Law. The Parties further agree that irreparable harm would occur, and thus need not be established, in an action to enforce the covenants set forth in Section 6.1, and that such action may be brought pursuant to this Section 13.5. The Parties further agree that any action brought under this Section 13.5 shall be brought exclusively in the state or federal courts within the Commonwealth of Massachusetts and that such courts shall have personal jurisdiction over the Parties in such action.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1. Complete Agreement; Construction. This Agreement, together with the Separation Agreement and the Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter;

for the avoidance of doubt, the preceding clause shall apply to all other agreements, whether or not written, in respect of any Tax between or among any member or members of the Ironwood Group, on the one hand, and any member or members of the Cyclorion Group, on the other hand, which agreements shall be of no further effect between the Parties and any rights or obligations existing thereunder shall be fully and finally settled, calculated as of the date hereof. In the event and to the extent that there shall be a conflict between the provisions of the Separation Agreement and the provisions of this Agreement, this Agreement shall control. Except as expressly set forth in the Separation Agreement or any Ancillary Agreement: (a) all matters to the extent relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by this Agreement; and (b) for the avoidance of doubt, in the event of any conflict between the Separation Agreement or any Ancillary Agreement, on the one hand, and this Agreement, on the other hand, with respect to such matters, the terms and conditions of this Agreement shall govern.

Section 14.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 14.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 14.4. Survival Of Agreement. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Effective Time and remain in full force and effect in accordance with their applicable terms.

Section 14.5. Expenses. Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 14.6. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 14.6):

To Ironwood:

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

United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

To Cyclerion:

Cyclerion Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: Chief Financial Officer
Phone:
Fax:

Section 14.7. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 14.8. Assignment. No Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (a) with respect to Ironwood, to a Subsidiary of Ironwood (so long as such Subsidiary remains a Subsidiary of Ironwood), (b) with respect to Cyclerion, to a Subsidiary of Cyclerion (so long as such Subsidiary remains a Subsidiary of Cyclerion) or (c) to a *bona fide* Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of a Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (a) and (b), no assignment permitted by this Section 14.8 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 14.9. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets, or otherwise, and including any successor of Ironwood or Cyclerion succeeding to the Tax attributes of either under Section 381 of the Code) and permitted assigns.

Section 14.10. Termination and Amendment. This Agreement may be terminated, modified or amended at any time prior to the Distribution Effective Time by and in the sole and absolute discretion of Ironwood without the approval of Cyclerion or the stockholders of Ironwood. In the event of such termination, no Party shall have any liability of any kind to the

other Party or any other Person by reason of such termination. After the Distribution Effective Time, this Agreement may not be terminated, modified or amended except by an agreement in writing signed by Ironwood and Cyclerion.

Section 14.11. Payment Terms.

(a) Except as expressly provided to the contrary in this Agreement, any amount to be paid or reimbursed by a Party (and/or a member of such Party's Group) to the other Party (and/or a member of such other Party's Group) under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand therefor, in either case setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate, from time to time in effect, plus two percent (2%), calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(c) Without the consent of the party receiving any payment under this Agreement specifying otherwise, all payments to be made by either Ironwood or Cyclerion under this Agreement shall be made in U.S. dollars. Except as expressly provided herein, any amount which is not expressed in U.S. dollars shall be converted into U.S. dollars by using the exchange rate published on Bloomberg at 5:00 p.m., Eastern time, on the day before the relevant date, or in *The Wall Street Journal*, Eastern Edition, on such date if not so published on Bloomberg. Except as expressly provided herein, in the event that any indemnification payment required to be made hereunder may be denominated in a currency other than U.S. dollars, the amount of such payment shall be converted into U.S. dollars on the date notice of the claim is given to the indemnifying Party.

Section 14.12. Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party at or after the Distribution Effective Time, in each case to the extent such Subsidiary remains a Subsidiary of the applicable Party. If, at any time, Cyclerion acquires or creates one or more Subsidiaries that are includable in the Cyclerion Group, all references to the Cyclerion Group herein shall thereafter include a reference to such Subsidiaries.

Section 14.13. Third Party Beneficiaries. Except as specifically provided herein, this Agreement is solely for the benefit of the Parties and shall not be deemed to confer upon any Person other than the Parties any remedy, claim, liability, reimbursement, cause of action or other right beyond any that exist without reference to this Agreement.

Section 14.14. Titles And Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 14.15. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of Laws principles thereof that might lead to the application of Laws other than the Laws of the State of Delaware.

Section 14.16. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 14.17. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," "clause," "Exhibit" and "Schedule" are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "\$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) unless the context requires otherwise, references to "party" shall mean Ironwood or Cycleron, as appropriate, and references to "parties" shall mean Ironwood and Cycleron; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (k) Ironwood and Cycleron have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (l) a reference to any Person includes such Person's successors and permitted assigns.

Section 14.18. No Duplication; No Double Recovery. Nothing in this Agreement, the Separation Agreement or any Ancillary Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 14.19. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder

preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 14.20. Further Action. The Parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Article IX.

[Signature Page Follows]

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert
Name: Halley Gilbert
Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett
Name: William Huyett
Title: President

[Signature Page to Tax Matters Agreement]

EMPLOYEE MATTERS AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of March 30, 2019

EMPLOYEE MATTERS AGREEMENT

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (this "Agreement"), dated as of March 30, 2019, is entered into by and between Ironwood Pharmaceuticals, Inc. ("Ironwood"), a Delaware corporation, and Cycleron Therapeutics, Inc. ("Cycleron"), a Massachusetts corporation and a wholly owned subsidiary of Ironwood. Capitalized terms used and not defined herein shall have the meaning set forth in the Separation Agreement between the Parties, dated as of March 30, 2019 (the "Separation Agreement").

WITNESSETH:

WHEREAS, as contemplated by the Separation Agreement, Ironwood and Cycleron desire to enter into this Agreement to provide for the allocation of Assets, Liabilities, and responsibilities with respect to certain matters relating to employees and other individual service providers (including employee compensation and benefit plans and programs) between them.

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. General. For purposes of this Agreement the following terms shall have the meaning ascribed to them in this Article I.

(1) "2005 Plan" means the Ironwood Pharmaceuticals, Inc. Amended and Restated 2005 Stock Incentive Plan.

(2) "2010 Plan" means the Ironwood Pharmaceuticals, Inc. Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan.

(3) "Action" means any demand, action, claim, suit, countersuit, arbitration, inquiry, subpoena, case, litigation, proceeding or investigation (whether civil, criminal, administrative or investigative) by or before any court or grand jury, any Governmental Entity or any arbitration or mediation tribunal.

(4) "Adjustment Fraction" means a fraction, the numerator of which is the volume-weighted average trading price of Ironwood Common Stock (trading "regular way") on the ten (10) trading days immediately prior to the date upon which the Distribution Effective Time occurs, as reported on Bloomberg, and the denominator of which is the Ironwood Post-Distribution Stock Price.

(5) "Assets" means all rights, title and ownership interests in and to all rights, properties, claims, Contracts, businesses, or assets (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible or intangible, whether accrued, contingent or otherwise, in each case, whether or not recorded or reflected on the books

and records or financial statements of any Person. Except as otherwise specifically set forth herein, in the Separation Agreement or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes (including any Tax items, attributes or rights to receive any Tax Refunds (as defined in the Tax Matters Agreement)) shall not be treated as Assets governed by this Agreement.

(6) “COBRA” means the continuation coverage requirements for “group health plans” under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and as codified in Code Section 4980B and ERISA Sections 601 through 608.

(7) “Code” means the Internal Revenue Code of 1986, as amended, or any successor federal income tax law. Reference to a specific Code provision also includes any proposed, temporary, or final regulation in force under that provision.

(8) “Consents” means any consents, waivers, notices, reports or other filings to be obtained from or made, including with respect to any Contract, or any registrations, licenses, permits, authorizations to be obtained from, or approvals from, or notification requirements to, any Third Parties, including any Governmental Entity.

(9) “Conversion Fraction” means a fraction, the numerator of which is the volume-weighted average trading price of Ironwood Common Stock (trading “regular way”) on the ten (10) trading days immediately prior to the date upon which the Distribution Effective Time occurs and the denominator of which is the Purchase Price (as such term is used in the Stock Purchase Agreement).

(10) “Cyclerion 401(k) Plan” means the tax-qualified defined contribution savings plan with a cash or deferred arrangement under Section 401(k) of the Code adopted by Cyclerion or a Cyclerion Group member prior to the Distribution Effective Time.

(11) “Cyclerion Common Stock” means the common stock of Cyclerion, no par value.

(12) “Cyclerion Employee” means any individual who, as of the Distribution Effective Time, is either actively employed by or then on a leave of absence from Cyclerion or a Cyclerion Group member (including maternity, paternity, family, sick, disability leave, qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves) or who is employed by Ironwood or an Ironwood Group member and who becomes a Cyclerion Employee pursuant to the operation of this Agreement.

(13) “Cyclerion ESPP” has the meaning set forth in Section 2.7.

(14) “Cyclerion FSAs” has the meaning set forth in Section 4.3.

(15) “Cyclerion Group” means (a) Cyclerion and each entity that is a Subsidiary of Cyclerion or will be a Subsidiary of Cyclerion immediately following the Distribution Effective Time and (b) on and after the Distribution Effective Time, Cyclerion and any entity that is a Subsidiary of Cyclerion.

- (16) “Cyclerion Health and Welfare Plans” has the meaning set forth in Section 4.1.
- (17) “Cyclerion Omnibus Equity Plan” means the Cyclerion Omnibus Equity Plan adopted by Cyclerion prior to the Distribution Effective Time.
- (18) “Cyclerion Participant” means any individual who is a Cyclerion Employee or a Former Cyclerion Employee, and any beneficiary, dependent, or alternate payee of such individual, as the context requires.
- (19) “Cyclerion Pharmaceutical Business” means: (i) the business, operations and activities conducted at any time prior to the Distribution Effective Time by either Party or any of its Subsidiaries to the extent relating to, arising out of or resulting from the Cyclerion Product Candidates (including the discovery, research and development of such Cyclerion Product Candidates worldwide) or similar to the services to be provided under the Development Agreement; and (ii) the Cyclerion Discovery Programs.
- (20) “Cyclerion RSU” means a restricted stock unit that represents a general unsecured promise by Cyclerion to deliver a share of Cyclerion Common Stock (or an amount in cash determined by reference to the value of a share of Cyclerion Common Stock), which restricted stock unit is granted as part of the adjustment to Ironwood RSUs as set forth in Section 5.2(c).
- (21) “Dispute Notice” has the meaning set forth in Section 7.1.
- (22) “Disputes” has the meaning set forth in Section 7.1.
- (23) “Distribution Date” means the date, as shall be determined by the Board of Directors of Ironwood, on which the Distribution occurs.
- (24) “Distribution Effective Time” means 12:01 a.m. Eastern time on the Distribution Date.
- (25) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific provision of ERISA also includes any proposed, temporary, or final regulation in force under that provision.
- (26) “Former Cyclerion Employee” means any individual whose employment with either Party or any of its respective Subsidiaries and Affiliates terminated for any reason before the Distribution Effective Time, and who was primarily engaged in providing services to the Cyclerion Pharmaceutical Business as of the date of his or her termination of employment.
- (27) “Former Ironwood Employee” means any individual whose employment with an Ironwood Group member terminated for any reason before the Distribution Effective Time, other than a Former Cyclerion Employee.
- (28) “Governmental Entity” means any nation or government, any state, municipality or other political subdivision thereof and any entity, body, agency, commission, department, board, bureau or court, whether domestic, foreign, multinational, or supranational exercising

executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government and any executive official thereof.

- (29) “Group” means (a) with respect to Ironwood, the Ironwood Group and (b) with respect to Cycleron, the Cycleron Group, as the context requires.
- (30) “HIPAA” means the health insurance portability and accountability requirements for “group health plans” under the Health Insurance Portability and Accountability Act of 1996, as amended.
- (31) “Incentive Stock Option” means an option which qualifies as an incentive stock option under the provisions of Section 422 of the Code.
- (32) “Indemnifiable Loss” means any and all Liabilities, including damages, losses, deficiencies, obligations, penalties, judgments, settlements, claims, payments, fines and other costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the reasonable fees and expenses of attorneys’, accountants’, consultants’ and other professionals’ incurred in the investigation or defense thereof or the enforcement of rights hereunder.
- (33) “Indemnifying Party” means, with respect to any Direct Claim or Third Party Claim, the Party which is or may be required pursuant to Article VI of the Separation Agreement to provide indemnification pursuant to such claim.
- (34) “Ironwood 401(k) Plan” means the Ironwood Pharmaceuticals, Inc. 401(k) Savings Plan.
- (35) “Ironwood Common Stock” means the Class A common stock, par value \$0.001 per share, of Ironwood.
- (36) “Ironwood Employee” means any individual who, as of the Distribution Effective Time, is either receiving compensation from a member of the Ironwood Group which is to be reported on IRS Form W-2 (in the case of individuals employed in the United States) or who is on the payroll of an Ironwood Group member (in the case of individuals outside the United States), but does not include any Cycleron Employee.
- (37) “Ironwood Equity-Based Plans” means the 2005 Plan and the 2010 Plan.
- (38) “Ironwood ESPP” means the Amended and Restated Ironwood 2010 Employee Stock Purchase Plan.
- (39) “Ironwood FSAs” has the meaning set forth in Section 4.3.
- (40) “Ironwood Group” means (a) prior to the Distribution Effective Time, Ironwood and each entity that will be a Subsidiary of Ironwood immediately following the Distribution Effective Time and (b) from and after the Distribution Effective Time, Ironwood and each entity that is a Subsidiary of Ironwood.

(41) “Ironwood Health and Welfare Plans” means the health and welfare plans sponsored and maintained by Ironwood or any Ironwood Group member immediately prior to the Distribution Effective Time which provide group health, life, dental, accidental death and dismemberment, health care reimbursements, dependent care assistance and disability benefits.

(42) “Ironwood Participant” means any individual who is an Ironwood Employee or a Former Ironwood Employee, and any beneficiary, dependent, or alternate payee of such individual, as the context requires.

(43) “Ironwood Post-Distribution Stock Price” means a number equal to (a) the aggregate value of all shares of Ironwood Common Stock outstanding immediately following the Distribution Effective Time minus the aggregate value of all shares of Cycleron Common Stock outstanding immediately following the Distribution Effective Time, each as determined on a fully-diluted basis pursuant to the treasury stock method, divided by (b) the number of shares of Ironwood Common Stock outstanding immediately following the Distribution Effective Time, as determined on a fully-diluted treasury stock method basis.

(44) “Ironwood Restricted Stock” means Ironwood Common Stock subject to restrictions requiring that it be delivered or offered for sale to Ironwood if specified service or performance-based conditions are not satisfied granted by Ironwood prior to the Distribution Date pursuant to the Ironwood Equity-Based Plans.

(45) “Ironwood RSU” means a restricted stock unit that represents a general unsecured promise by Ironwood to deliver a share of Ironwood Common Stock (or an amount in cash determined by reference to the value of a share of Ironwood Common Stock).

(46) “Liabilities” means any and all indebtedness, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, Action, or in connection with any dispute, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto. Except as otherwise specifically set forth herein, in the Separation Agreement or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes shall not be treated as Liabilities governed by this Agreement.

(47) “Option” when immediately preceded by “Ironwood” means an option (either nonqualified or an Incentive Stock Option) to purchase Ironwood Common Stock granted by Ironwood prior to the Distribution Date pursuant to the Ironwood Equity-Based Plans and when immediately preceded by “Cycleron” means an option (either nonqualified or an Incentive Stock Option) to purchase Cycleron Common Stock, which option is granted pursuant to the Cycleron Omnibus Equity Plan as part of the adjustment to Ironwood Options as set forth in Section 5.2(a).

(48) “Plan” when immediately preceded by “Ironwood” means any plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other

agreement or funding vehicle (including an Ironwood Health and Welfare Plan) for which the eligible classes of participants include employees or former employees of Ironwood or an Ironwood Group member (which may include employees of Cycleron Group members prior to the Distribution Effective Time), and when immediately preceded by “Cycleron,” means any plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle (including a Cycleron Health and Welfare Plan) for which the eligible classes of participants are limited to employees or former employees (and their eligible dependents) of Cycleron or a Cycleron Group member, but no other Ironwood Group member.

(49) “RSA Dividend” has the meaning set forth in Section 5.2(b)(i).

(50) “Stock Purchase Agreement” means the Amended and Restated Common Stock Purchase Agreement by and between Cycleron Therapeutics, Inc. and the Investors named therein, dated as of February 25, 2019.

ARTICLE II

TRANSFER OF CYCLERION EMPLOYEES; GENERAL PRINCIPLES

Section 2.1. Transfer of Employment to Cycleron of Additional Employees; Post-Effective Time Transfers; Independent Contractors.

(a) Following the date hereof and prior to the Distribution Effective Time, Ironwood and Cycleron may cause the employment of individuals designated by Ironwood who are not employed by a Cycleron Group member as of the date hereof to be transferred to a Cycleron Group member.

(b) In the event that Ironwood determines following the Distribution Effective Time that any individual employed outside the United States (other than an individual who the Parties intend to be a Cycleron Employee) has inadvertently become employed by a member of the Cycleron Group (due to the operation of transfer of undertakings or similar law or regulation), the Parties shall cooperate and take such actions as may be reasonably necessary in order to cause the employment of such individuals to be promptly transferred to a member of the Ironwood Group.

(c) The Parties shall cooperate and take such actions as may be reasonably necessary in order to minimize potential statutory, contractual, plan-based or other severance or similar obligations to the Parties or their Affiliates in connection with any transfers of employment described in this Section 2.1.

(d) Cycleron will determine which, if any, temporary workers, individual consultants or independent contractors who are performing service primarily related to the Cycleron Pharmaceutical Business, it wishes to transfer to Cycleron and, the Parties shall use reasonable efforts to transfer the individual or to assign the applicable Contract to a member of the Cycleron Group and Cycleron shall, or shall cause a member of the Cycleron Group to, assume and perform such Contract.

Section 2.2. Assumption and Retention of Liabilities. Ironwood and Cycleron intend that employment-related Liabilities associated with Ironwood Participants are to be retained or assumed by Ironwood or an Ironwood Group member (other than, for the avoidance of doubt, a

Cyclerion Group member), and employment-related Liabilities associated with Cyclerion Participants are to be assumed by Cyclerion or a Cyclerion Group member, in each case, except as specifically set forth herein. Accordingly, as of the Distribution Effective Time:

(a) Ironwood or the applicable member of the Ironwood Group hereby retains or assumes and agrees to pay, perform, fulfill, and discharge, except as expressly provided in this Agreement, (i) all Liabilities arising under or related to Ironwood Plans, (ii) all employment or service-related Liabilities with respect to (A) all Ironwood Participants and (B) any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other employment or similar relationship primarily connected to Ironwood or an Ironwood Group member and (iii) any Liabilities expressly transferred or allocated to Ironwood or an Ironwood Group member under this Agreement (it being understood and agreed that the provisions of this Agreement do not create or constitute a source of any such Liability); and

(b) Cyclerion hereby retains or assumes and agrees to pay, perform, fulfill, and discharge, except as expressly provided in this Agreement, (i) all Liabilities arising under or related to Cyclerion Plans, (ii) all employment or service-related Liabilities with respect to (A) all Cyclerion Participants and (B) any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other employment or similar relationship primarily connected to Cyclerion or a Cyclerion Group member, including, without limitation, for both (A) and (B) hereof, any such Liabilities that may have arisen or that may be based upon events that occurred while such Cyclerion Participant or other individual was employed by or otherwise provided services to Ironwood or an Ironwood Group member, and (iii) any Liabilities expressly transferred or allocated to Cyclerion or a Cyclerion Group member under this Agreement.

Section 2.3. Cyclerion Participation in the Ironwood Plans. Except as expressly provided in Article V of this Agreement, effective not later than the Distribution Effective Time, Cyclerion and each Cyclerion Group member shall cease to be a participating company in each Ironwood Plan, and Ironwood and Cyclerion shall take all necessary action before the Distribution Effective Time to effectuate such cessation as a participating company.

Section 2.4. Sponsorship of the Cyclerion Plans. Effective no later than immediately prior to the Distribution Effective Time, Ironwood and Cyclerion shall take such actions (if any) as are required to cause Cyclerion or a Cyclerion Group member to assume, sole sponsorship of, and all Liabilities with respect to, each Cyclerion Plan.

Section 2.5. No Duplication of Benefits; Service and Other Credit. Ironwood and Cyclerion shall adopt, or cause to be adopted, all reasonable and necessary amendments and procedures to prevent Cyclerion Participants from receiving duplicative benefits from the Ironwood Plans and the Cyclerion Plans. With respect to Cyclerion Employees, each Cyclerion Plan shall provide that for purposes of determining eligibility to participate, vesting, and entitlement to benefits, service prior to the Distribution Effective Time with Ironwood or an Ironwood Group member shall be treated as service with Cyclerion or the applicable Cyclerion

Group member. Such service also shall apply for purposes of satisfying any waiting periods, evidence of insurability requirements, or the application of any preexisting condition limitations under any Cyclерion Plan. Each Cyclерion Plan shall, to the extent practicable, waive pre-existing condition limitations with respect to Cyclерion Employees. Cyclерion shall honor any deductibles incurred by Cyclерion Employees and their eligible dependents under any Ironwood medical plan (but not, for the avoidance of doubt, under any Ironwood dental plan) in which they participated immediately prior to the Distribution Effective Time during the then-elapsed portion of the calendar year prior to the Distribution Effective Time for purposes of satisfying any deductibles or out-of-pocket maximums under the Cyclерion Plans in which they are eligible to participate after the Distribution Effective Time in the same plan year in which such deductibles were incurred. For the avoidance of doubt, Cyclерion shall not be required to honor any co-payments incurred by Cyclерion Employees or their eligible dependents under any Ironwood Health and Welfare Plan for purposes of satisfying any out-of-pocket maximums under the Cyclерion Plans in which they are eligible to participate after the Distribution Effective Time.

Section 2.6. Reimbursements. From time to time after the Distribution Effective Time, the Parties shall reimburse one another, within sixty (60) days following reasonable request of the Party requesting reimbursement and the presentation by such Party of such substantiating documentation as the other Party shall reasonably request, for the cost of any Liabilities satisfied or assumed by the Party requesting reimbursement or its Affiliates that are made, pursuant to this Agreement, the responsibility of the other Party or any of its Affiliates.

Section 2.7. Approval of Plans. Prior to the Distribution Effective Time, Ironwood shall have caused Cyclерion to adopt the Cyclерion Omnibus Equity Plan and an employee stock purchase plan intended to meet the requirements of Section 423 of the Code and the regulations promulgated thereunder (the “Cyclерion ESPP”) and have taken all actions as may be necessary to approve the Cyclерion Omnibus Equity Plan and the Cyclерion ESPP in order to satisfy the applicable requirements of the Code and the applicable rules and regulations of the NASDAQ.

Section 2.8. Delivery of Shares; Registration Statement. From and after the Distribution Effective Time, Ironwood shall have sole responsibility for delivery of shares of Ironwood Common Stock pursuant to awards issued under an Ironwood Plan in satisfaction of any obligations to deliver such shares under such Ironwood Plan (including delivery to Cyclерion Employees and Former Cyclерion Employees) and shall do so without compensation from any Cyclерion Group member. From and after the Distribution Effective Time, Cyclерion shall have sole responsibility for delivery of shares of Cyclерion Common Stock pursuant to awards issued under a Cyclерion Plan in satisfaction of any obligations to deliver such shares under the Cyclерion Plans (including delivery to Ironwood Employees and Former Ironwood Employees) and shall do so without compensation from any Ironwood Group member. Cyclерion shall cause a registration statement on Form S-8 (or other appropriate form) to be filed with respect to such issued or issuable shares prior to the Distribution Effective Time and shall cause such registration to remain in effect for so long as there may be an obligation to deliver Cyclерion shares under such Cyclерion and/or Ironwood Plans. Ironwood shall use commercially reasonable efforts to assist Cyclерion in completing such registration.

Section 2.9. Labor Relations. To the extent required by applicable Law or any agreement with a labor union, works council or similar employee organization, the Parties shall

cooperate to provide notice, engage in consultation and take any similar action which may be required on its part in connection with the Separation.

ARTICLE III

DEFINED CONTRIBUTION AND NON-QUALIFIED DEFERRED COMPENSATION PLANS

Section 3.1. 401(k) Plan.

(a) Establishment of Plan and Trust. Prior to the Distribution Effective Time, Ironwood shall cause Cyclерion or a Cyclерion Group member to adopt the Cyclерion 401(k) Plan, which shall be substantially similar in all material respects to the Ironwood 401(k) Plan, and any trust agreements, other plan documents, summary plan descriptions, notices and enrollment materials reasonably necessary to implement the Cyclерion 401(k) Plan, and shall cause trustees to be appointed for such plan. Each Cyclерion Employee who was eligible to participate in the Ironwood 401(k) Plan immediately prior to the effective date of the Cyclерion 401(k) Plan (or prior to the Distribution Effective Time, if later) shall be eligible to participate in the Cyclерion 401(k) Plan as of its effective date, and the participation of each Cyclерion Employee in the Ironwood 401(k) Plan shall cease as of such date. All other Cyclерion Employees shall become eligible to participate in the Cyclерion 401(k) Plan as provided under the terms of such plan.

(b) Assumption of Liabilities and Transfer of Assets. In accordance with applicable Law, Ironwood and Cyclерion shall cause, in the manner described herein, the accounts under the Ironwood 401(k) Plan of each Cyclерion Employee to be transferred to the Cyclерion 401(k) Plan on, or as soon as practicable after, the effective date of the Cyclерion 401(k) Plan and prior to the Distribution Date. On, or as soon as practicable after, the effective date of the Cyclерion 401(k) Plan, and prior to the Distribution Date: (i) Ironwood shall cause the accounts (including any outstanding loan balances) of each Cyclерion Employee in the Ironwood 401(k) Plan to be transferred from the trust established under the Ironwood 401(k) Plan to the trust established under the Cyclерion 401(k) Plan; (ii) the Cyclерion 401(k) Plan shall assume and be solely responsible for all Liabilities under the Cyclерion 401(k) Plan relating to the accounts that are so transferred as of the time of such transfer; and (iii) Cyclерion shall cause such transferred accounts to be accepted by the Cyclерion 401(k) Plan and its related trust and shall cause the Cyclерion 401(k) Plan to satisfy all protected benefit requirements under Section 411(d)(6) of Code and applicable Law with respect to the transferred accounts.

(c) Severance from Employment. Participants in the Ironwood 401(k) Plan will not be treated as having experienced a severance from employment, within the meaning of Section 401(k)(2)(B)(i) of the Code, for purposes of such plans as a result of the Separation or the occurrence of the Distribution Effective Time.

(d) Post-Distribution Effective Time Contributions. If any Cyclерion Employees are entitled to employer matching contributions under Section 1.11(a)(2) of the Ironwood 401(k) Plan (or any other employer contributions under such plan) with respect to contributions made by Cyclерion Employees into the Ironwood 401(k) Plan in the 2019 plan year

prior to the Distribution Effective Time, and such employer matching contributions have not yet been deposited into the Cyclерion Employees' accounts under the Ironwood 401(k) Plan as of the date such accounts are transferred from the trust established under the Ironwood 401(k) Plan to the trust established under the Cyclерion 401(k) Plan as set forth in Section 3.1(b), then Ironwood shall contribute the amount of such employer matching contributions (and other employer contributions, if any) into the applicable Cyclерion Employees' accounts under the Ironwood 401(k) Plan as soon as practicable following the determination of such employer matching contribution (and other employer contribution, if any) amounts. Ironwood shall then cause the amount of such employer matching contributions (and other employer contributions, if any) to be transferred to the Cyclерion 401(k) Plan in the manner set forth in Section 3.1(b) as soon as practicable following their deposit into the Ironwood 401(k) Plan, and Cyclерion shall cause such transferred amounts to be accepted by the Cyclерion 401(k) Plan.

ARTICLE IV

HEALTH AND WELFARE PLANS; PAYROLL; COBRA AND VACATION

Section 4.1. Cessation of Participation in Ironwood Health and Welfare Plans. Prior to the Distribution Effective Time, Cyclерion shall establish health and welfare plans (the "Cyclерion Health and Welfare Plans") which generally correspond to the Ironwood Health and Welfare Plans in which Cyclерion Employees participate immediately prior to the Distribution Effective Time. As of the Distribution Effective Time, Cyclерion Employees shall cease to participate in the Ironwood Health and Welfare Plans and shall, as applicable, commence participation in the corresponding Cyclерion Health and Welfare Plan in which they have enrolled. Cyclерion shall cause Cyclерion Employees and their covered dependents who participate in Ironwood Health and Welfare Plans immediately before the Distribution Effective Time to be automatically enrolled as of the Distribution Effective Time in such Cyclерion Health and Welfare Plans as are made available to the Cyclерion Employee. The transfer of employment from Ironwood or an Ironwood Group member to Cyclерion or a Cyclерion Group member prior to or as of the Distribution Effective Time shall not be treated as a "qualifying event" with respect to any Cyclерion Employee under the Ironwood Health and Welfare Plans or the Cyclерion Health and Welfare Plans.

Section 4.2. Allocation of Health and Welfare Plan Liabilities. All outstanding Liabilities relating to, arising out of, or resulting from health and welfare coverage or claims incurred by or on behalf of Cyclерion Employees or their covered dependents under the Ironwood Health and Welfare Plans on or before the Distribution Effective Time shall be retained by Ironwood. Any Liabilities relating to, arising out of, or resulting from health and welfare coverage or claims incurred by or on behalf of Cyclерion Employees or their covered dependents under the Ironwood Health and Welfare Plans following the Distribution Effective Time shall be assumed by Cyclерion; provided, however, that to the extent such a Liability is covered under an insurance policy maintained with respect to an Ironwood Health and Welfare Plan regardless of when the Liability arises, and such Liability is not covered under an insurance policy maintained with respect to a Cyclерion Health and Welfare Plan, such Liability shall be retained by Ironwood to the extent of such coverage; and provided further, however, that to the extent that Ironwood receives prior to the Distribution Effective Time an invoice from a service provider billing Ironwood for a service or product relating to health or welfare coverage for

Cyclerion Employees or their covered dependents following the Distribution Effective Time, Ironwood shall be responsible for paying such invoice and Cyclerion shall reimburse Ironwood for any amount paid by Ironwood. For purposes of this Agreement, a claim shall be incurred upon the date upon which service or product giving rise to the Liability was provided. Any payments, repayments, reimbursements or credits consisting of, or representing, dividends, demutualizations, premium refunds, rebates, subrogation or similar reimbursements, overpayments, class action recoveries, or like payments under, or relating to, any Ironwood Health or Welfare Plan whenever occurring shall remain the property solely of Ironwood and neither Cyclerion, any Cyclerion Group member nor any Cyclerion Participant shall have any interest in or right to such Ironwood property.

Section 4.3. Flexible Spending Plan Treatment. Prior to the Distribution Effective Time, Cyclerion shall establish a dependent care spending account and a medical care spending account (the “Cyclerion FSAs”) effective as of the Distribution Effective Time, which Cyclerion FSAs shall have terms that are substantially identical to the analogous Ironwood dependent care and medical care flexible spending accounts (the “Ironwood FSAs”) as in effect immediately prior to the Distribution Effective Time. Cyclerion and Ironwood shall take all steps necessary or appropriate so that the account balances (positive or negative) under the Ironwood FSAs of each Cyclerion Employee who has elected to participate therein in the year in which the Distribution Effective Time occurs shall be transferred on, or as soon as practicable after, the Distribution Effective Time from the Ironwood FSAs to the corresponding Cyclerion FSAs. The Cyclerion FSAs shall assume responsibility as of the Distribution Effective Time for all outstanding dependent care and medical care claims under the Ironwood FSAs of each Cyclerion Employee for the year in which the Distribution Effective Time occurs and shall assume the rights of and agree to perform the obligations of the analogous Ironwood FSA from and after the Distribution Effective Time. Cyclerion shall take all steps necessary or appropriate so that the contribution elections of each such Cyclerion Employee as in effect immediately before the Distribution Effective Time remain in effect under the Cyclerion FSAs following the Distribution Effective Time. As soon as practicable, after the Distribution Effective Time, Ironwood shall transfer to Cyclerion an amount equal to the total contributions made to the Ironwood FSAs by Cyclerion Employees in respect of the plan year in which the Distribution Effective Time occurs, reduced by an amount equal to the total claims already paid to Cyclerion Employees in respect of such plan year. From and after the Distribution Effective Time, Ironwood shall provide Cyclerion with such information such entity may reasonably request to enable it to verify any claims information pertaining to an Ironwood FSA.

Section 4.4. Workers’ Compensation Liabilities. All workers’ compensation Liabilities relating to, arising out of, or resulting from any claim by Cyclerion Employees or Former Cyclerion Employees that result from an accident or from an occupational disease which is incurred or becomes manifest, as the case may be, on or before the Distribution Effective Time and while such individual was employed by Ironwood or an Ironwood Group member shall be retained by Ironwood. Any workers’ compensation Liabilities relating to, arising out of, or resulting from any claim by Cyclerion Employees or Former Cyclerion Employees that result from an accident or from an occupational disease which is incurred or becomes manifest, as the case may be, following the Distribution Effective Time shall be assumed by Cyclerion; provided, however, that to the extent such a Liability is covered under a workers compensation insurance policy of Ironwood or an Ironwood Group member regardless of when the Liability arises, and

such Liability is not covered under a workers compensation insurance policy of Cyclерion or a Cyclерion Group member, such Liability shall be retained by Ironwood or an Ironwood Group member to the extent of such coverage; and provided further, however, that to the extent that Ironwood or an Ironwood Group member, as applicable, receives prior to the Distribution Effective Time an invoice for a covered expense with respect to such Liability, Ironwood shall be responsible for paying such invoice and Cyclерion shall reimburse Ironwood for any amount paid by Ironwood. Notwithstanding the foregoing, Cyclерion shall assume worker's compensation Liabilities to the extent they are imposed on Cyclерion under applicable Law or where the injury or illness related to the Liability is aggravated or subject to further injury after the Distribution Effective Time. A Liability which must be paid due to the existence of a deductible shall not be deemed to be covered by a workers compensation insurance policy for purposes of this Section 4.4. Subject to the foregoing, Cyclерion and each Cyclерion Group member shall also be solely responsible for all workers' compensation Liabilities relating to, arising out of, or resulting from any claim incurred for a compensable injury sustained by a Cyclерion Employee that results from an accident or from an occupational disease which is incurred or becomes manifest, as the case may be, after the Distribution Effective Time. Ironwood, each Ironwood Group member, Cyclерion and each Cyclерion Group member shall cooperate with respect to processing of claims, any notification to appropriate governmental agencies of the disposition and the issuance of new, or the transfer of existing, workers' compensation insurance policies and claims handling contracts.

Section 4.5. Payroll Taxes and Reporting. Ironwood and Cyclерion (i) shall, to the extent practicable, treat Cyclерion (or a Cyclерion Group member designated by Cyclерion) as a "successor employer" and Ironwood (or the appropriate Ironwood Group member) as a "predecessor," within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, with respect to Cyclерion Employees for purposes of taxes imposed under the United States Federal Unemployment Tax Act or the United States Federal Insurance Contributions Act, and (ii) hereby agree to use commercially reasonable efforts to implement the standard procedure described in Section 4 of Revenue Procedure 2004-53. Without limiting in any manner the obligations and Liabilities of the Parties under the Tax Matters Agreement, including all withholding obligations otherwise set forth therein, Ironwood, each Ironwood Group member, Cyclерion and each Cyclерion Group member shall each bear its responsibility for payroll tax obligations and for the proper reporting to the appropriate governmental authorities of compensation earned by their respective employees after the Distribution Effective Time, including compensation related to the exercise of stock options or the vesting or exercise of other equity awards, including in instances where such equity awards are with respect to the equity of the other Party.

Section 4.6. COBRA and HIPAA Compliance. Ironwood or an Ironwood Group member shall retain the responsibility for administering compliance with the health care continuation requirements of COBRA for any COBRA qualified beneficiaries who incur a COBRA qualifying event or loss of coverage under the Ironwood Health and Welfare Plans at any time before the Distribution Effective Time. Cyclерion shall be responsible for administering compliance with the health care continuation requirements of COBRA, and the corresponding provisions of the Cyclерion Health and Welfare Plans with respect to Cyclерion Participants who incur a COBRA qualifying event or loss of coverage under the Cyclерion Health and Welfare Plans at any time upon or after the Distribution Effective Time.

Section 4.7. Vacation and Paid Time Off. As of the Distribution Effective Time, the applicable Cycleron Group member shall credit each Cycleron Employee with the vacation that such individual has accrued immediately prior to the Distribution Effective Time in accordance with the vacation and personnel policies applicable to such employee immediately prior to the Distribution Effective Time.

ARTICLE V

INCENTIVE COMPENSATION, EQUITY COMPENSATION AND OTHER BENEFITS

Section 5.1. Annual Cash-Based Incentive Plans. As of the Distribution Effective Time, Cycleron shall assume the obligation, if any, to pay each Cycleron Employee who is participating in an annual cash incentive bonus program in respect of 2019 performance (whether payable in fiscal year 2019 or fiscal year 2020) of Ironwood or an Ironwood Group member such Cycleron Employee's incentive bonus under such plan, based upon the amount accrued by Ironwood in respect of such obligations. Cycleron shall cause such payments to be made to the applicable Cycleron Employees at the time such payments are made under the corresponding Ironwood incentive bonus program.

Section 5.2. Awards under the Ironwood Equity-Based Plans. Ironwood and, where applicable, Cycleron shall take all actions necessary or appropriate so that each outstanding Ironwood Option, share of Ironwood Restricted Stock and Ironwood RSU outstanding immediately prior to the Distribution Effective Time shall be adjusted as set forth in this Section 5.2.

(a) Options.

(i) Vested Ironwood Options. Subject to Section 5.2(a)(ii), upon the Distribution Effective Time, each vested Ironwood Option, whether held by an Ironwood Participant or a Cycleron Participant, will be equitably adjusted in accordance with the Distribution, such that each Ironwood Participant or Cycleron Participant who holds vested Ironwood Options shall, upon the Distribution Effective Time, hold vested Ironwood Options and vested Cycleron Options.

- (1) The number of shares of Ironwood Common Stock subject to the vested adjusted Ironwood Option will be equal to the number of shares of Ironwood Common Stock subject to the option immediately prior to the Distribution Effective Time. The per share exercise price of the vested adjusted Ironwood Option will be equal to the per share exercise price of the original Ironwood Option divided by the Adjustment Fraction, with the result being rounded up to the nearest whole cent. Each vested adjusted Ironwood Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, and other provisions regarding exercise as set forth in the original Ironwood Option

(including, for the avoidance of doubt, that a Cycleron Participant will not be deemed to have experienced a termination of employment for purposes of any post-termination exercise provisions applicable to such vested adjusted Ironwood Option so long as he or she remains in continued employment with Cycleron).

- (2) The number of shares of Cycleron Common Stock subject to the vested Cycleron Option will be equal to the number of shares of Ironwood Common Stock subject to the option immediately prior to the Distribution Effective Time divided by ten, with the result being rounded down to the nearest whole share. The per share exercise price of the vested Cycleron Option will be equal to the per share exercise price of the original Ironwood Option divided by the Conversion Fraction, with the result being rounded up to the nearest whole cent. Each vested Cycleron Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, and other provisions regarding exercise as set forth in the original Ironwood Option (including, for the avoidance of doubt, that an Ironwood Participant will not be deemed to have experienced a termination of employment for purposes of any post-termination exercise provisions applicable to such vested Cycleron Option so long as he or she remains in continued employment with Ironwood).

(ii) Vested Ironwood Incentive Stock Options under the 2010 Plan.

- (1) *Incentive Stock Options held by Ironwood Participants.* Notwithstanding anything to the contrary herein, unless an Ironwood Participant has, pursuant to Section 23 of the 2010 Plan, submitted a written request to the Administrator of the 2010 Plan to convert his or her vested Ironwood Incentive Stock Options into vested non-statutory Options to purchase Ironwood Common Stock (in which case, Section 5.2(a)(i) shall apply to such awards), upon the Distribution Effective Time, each vested Ironwood Incentive Stock Option granted pursuant to the 2010 Plan held by an Ironwood Participant will be equitably adjusted solely into a vested adjusted Ironwood Incentive Stock Option. The number of shares of Ironwood Common Stock subject to the vested adjusted Ironwood Incentive Stock Option will be equal to the number of shares of Ironwood Common Stock subject to the option immediately prior to the Distribution Effective Time multiplied by the

Adjustment Fraction, with the result being rounded down to the nearest whole share. The per share exercise price of the adjusted Ironwood Incentive Stock Option will be equal to the per share exercise price of the original Ironwood Incentive Stock Option divided by the Adjustment Fraction, with the result being rounded up to the nearest whole cent. Each vested adjusted Ironwood Incentive Stock Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, and other provisions regarding exercise as set forth in the original Ironwood Incentive Stock Option.

- (2) *Incentive Stock Options held by Cycleron Participants.* Notwithstanding anything to the contrary herein, unless a Cycleron Participant has, pursuant to Section 23 of the 2010 Plan, submitted a written request to the Administrator of the 2010 Plan to convert his or her vested Ironwood Incentive Stock Options into vested non-statutory Options to purchase Ironwood Common Stock (in which case, Section 5.2(a)(i) shall apply to such awards), upon the Distribution Effective Time, each vested Ironwood Incentive Stock Option granted under the 2010 Plan held by a Cycleron Participant will be converted into a vested Cycleron Incentive Stock Option. The number of shares of Cycleron Common Stock subject to the vested Cycleron Incentive Stock Option will be equal to the number of shares of Ironwood Common Stock subject to the option immediately prior to the Distribution Effective Time multiplied by the Conversion Fraction, with the result being rounded down to the nearest whole share. The per share exercise price of the Cycleron Incentive Stock Option will be equal to the per share exercise price of the original Ironwood Incentive Stock Option divided by the Conversion Fraction, with the result being rounded up to the nearest whole cent. Each vested Cycleron Incentive Stock Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, and other provisions regarding exercise as set forth in the original Ironwood Incentive Stock Option.

(iii) Unvested Ironwood Options held by Ironwood Participants. Upon the Distribution Effective Time, each unvested Ironwood Option held by an Ironwood Participant will be equitably adjusted solely into an unvested adjusted Ironwood Option. The number of shares of Ironwood Common Stock subject to the unvested adjusted Ironwood Option will be equal to the number of shares of Ironwood Common

Stock subject to the option immediately prior to the Distribution Effective Time multiplied by the Adjustment Fraction, with the result being rounded down to the nearest whole share. The per share exercise price of the unvested adjusted Ironwood Option will be equal to the per share exercise price of the original Ironwood Option divided by the Adjustment Fraction, with the result being rounded up to the nearest whole cent. Each unvested adjusted Ironwood Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, vesting, and other provisions regarding exercise as set forth in the original Ironwood Option.

(iv) Unvested Ironwood Options held by Cycleron Participants. Upon the Distribution Effective Time, each unvested Ironwood Option held by a Cycleron Participant will be converted into an unvested Cycleron Option. The number of shares of Cycleron Common Stock subject to the unvested Cycleron Option will be equal to the number of shares of Ironwood Common Stock subject to the option immediately prior to the Distribution Effective Time multiplied by the Conversion Fraction, with the result being rounded down to the nearest whole share. The per share exercise price of the unvested Cycleron Option will be equal to the per share exercise price of the original Ironwood Option divided by the Conversion Fraction, with the result being rounded up to the nearest whole cent. Each unvested Cycleron Option shall be subject to the same terms and conditions regarding type (whether an Incentive Stock Option or a nonqualified Option), term, vesting (including, for the avoidance of doubt, that each Cycleron Participant will receive service credit for purposes of vesting for periods of employment with Ironwood prior to the Distribution Effective Time), and other provisions regarding exercise as set forth in the original Ironwood Option; provided, however, that each Cycleron Option held by Mark Currie that vests upon the attainment of specified performance criteria shall be adjusted to provide that the relevant performance criteria applies to performance of Cycleron following the Distribution Effective Time.

(v) Extended Exercisability of Options. Any extended period of exercisability applicable to stock options held by an individual listed on Schedule 5.2(a)(v) to which such individual becomes entitled pursuant to an Executive Severance Agreement entered into prior to the Distribution Effective Time between such individual and Ironwood or Cycleron, as applicable (or if such individual has not yet entered into an Executive Severance Agreement with Ironwood or Cycleron, as applicable, the extended period of exercisability set forth opposite such individuals name on Schedule 5.2(a)(v)), shall apply to any adjusted Ironwood Options and any Cycleron Options issued in accordance with this Section 5.2.

(b) Ironwood Restricted Stock.

(i) Dividends in Respect of Ironwood Restricted Stock. Under the terms of the Separation Agreement, Ironwood shall, on or prior to the Distribution Effective Time, issue the number of shares of Cycleron Common Stock calculated under the Distribution Ratio to the holders of Ironwood Restricted Stock as a dividend in respect of such Ironwood Restricted Stock (such Cycleron Common Stock, the “RSA Dividend”). The RSA Dividend shall be fully vested upon distribution and not subject to the vesting terms to which the underlying Ironwood Restricted Stock are then subject. For the avoidance of doubt, all holders of Ironwood Restricted Stock on the Record Date shall be entitled to receive the RSA Dividend.

(ii) Ironwood Restricted Stock held by Ironwood Directors. Each outstanding Ironwood Restricted Stock award held by an individual who is a member of Ironwood's Board of Directors as of the Distribution Effective Time shall remain subject to the same terms and conditions regarding term, vesting, and other provisions as set forth in the original Ironwood Restricted Stock award. For the avoidance of doubt, the Ironwood Restricted Stock shall continue to vest only for so long as the applicable director of Ironwood continues to serve on the Board of Directors of Ironwood.

(iii) Ironwood Restricted Stock held by Cycleron Directors. Upon the Distribution Effective Time, each share of Ironwood Restricted Stock held by a member of Cycleron's Board of Directors will be equitably adjusted solely into shares of Cycleron Restricted Stock. The number of shares of Cycleron Restricted Stock will be equal to the number of shares of Ironwood Restricted Stock immediately prior to the Distribution Effective Time multiplied by the Conversion Fraction, less the RSA Dividend received with respect to such share of Ironwood Restricted Stock, with the result being rounded down to the nearest whole share. Each Cycleron Restricted Stock award shall be subject to the same terms and conditions regarding term, vesting, and other provisions as set forth in the original Ironwood Restricted Stock award. For the avoidance of doubt, the Cycleron Restricted Stock shall continue to vest only for so long as the applicable director of Cycleron continues to serve on the Board of Directors of Cycleron. For the further avoidance of doubt, the last vesting date of such Cycleron Restricted Stock shall be on the date of next annual meeting of Ironwood stockholders after the Distribution Effective Time.

(c) Ironwood RSUs.

(i) Ironwood RSUs held by Ironwood Participants. Upon the Distribution Effective Time, each Ironwood RSU held by an Ironwood Participant will be equitably adjusted solely into an adjusted Ironwood RSU. The number of shares of Ironwood Common Stock subject to the adjusted Ironwood RSU will be equal to the number of shares of Ironwood Common Stock subject to the Ironwood RSU immediately prior to the Distribution Effective Time multiplied by the Adjustment Fraction, with the result being rounded down to the nearest whole share. Each adjusted Ironwood RSU shall be subject to the same terms and conditions regarding term, vesting, and other provisions as set forth in the original Ironwood RSU award.

(ii) Ironwood RSUs held by Cycleron Participants. Except as otherwise provided in this Section 5.2(c)(ii), upon the Distribution Effective Time, each Ironwood RSU held by a Cycleron Participant will be equitably adjusted solely into an Cycleron RSU. The number of shares of Cycleron Common Stock subject to the Cycleron RSU will be equal to the number of shares of Ironwood Common Stock subject to the Ironwood RSU immediately prior to the Distribution Effective Time multiplied by the Conversion Fraction, with the result being rounded down to the nearest whole share. Each Cycleron RSU shall be subject to the same terms and conditions regarding term, vesting (including, for the avoidance of doubt, that each Cycleron Participant will receive service credit for purposes of vesting for periods of employment with Ironwood prior to the Distribution Effective Time), and other provisions as set forth in the original Ironwood RSU award. Notwithstanding anything to the contrary in this Section 5.2(c)(ii), each Ironwood RSU granted on July 31, 2018 and designated as a "recognition award" will be adjusted as provided in Section 5.2(c)(i).

(d) Delivery; Withholding.

(i) Delivery. Cyclerion shall be solely responsible for the issuance of Cyclerion Common Stock in respect of the grant, exercise and/or vesting of Cyclerion Options and Cyclerion RSUs (regardless of the holder thereof). Ironwood shall be solely responsible for the issuance of Ironwood Common Stock in respect of the grant, exercise, and/or vesting of Ironwood Options, Ironwood Restricted Stock and Ironwood RSUs (regardless of the holder thereof).

(ii) Withholding and Reporting. Following the Distribution Effective Time, (i) Cyclerion shall be solely responsible for all income, payroll and other tax remittance and reporting related to the compensation of Cyclerion Participants in respect of Cyclerion Options and Cyclerion RSUs and Ironwood Options, Ironwood Restricted Stock and Ironwood RSUs and (ii) Ironwood shall be solely responsible for all income, payroll and other tax remittance and reporting related to the compensation of Ironwood Participants in respect of Cyclerion Options and Cyclerion RSUs and Ironwood Options, Ironwood Restricted Stock and Ironwood RSUs. The Parties will cooperate and communicate with each other and with third-party providers to effectuate the withholding and remittance of any such taxes, as well as any required tax reporting, in a timely, efficient and appropriate manner. To the maximum extent permitted under applicable Law, Ironwood and Cyclerion shall share, and shall cause each member of its respective Group to share, with each other and their respective agents and vendors all information reasonably necessary for the efficient and accurate administration of each of the Ironwood Equity-Based Plans and the Cyclerion Omnibus Equity Plan, including but not limited to information regarding terminations of employment and the attainment of any specified performance criteria set forth in any awards of Ironwood or Cyclerion Options, Restricted Stock or RSUs.

(e) Allocation of Tax Deduction. The allocation of any deduction in respect of equity based awards held by Ironwood or Cyclerion Participants will be governed by Section 3.09 of the Tax Matters Agreement.

(f) Partial Interests in Shares. To the extent that any adjustment described in this Section 5.2 results in any fractional interest in shares, such fractional interest shall be rounded down to the nearest whole share and Ironwood or Cyclerion, as the case may be, shall pay to their respective employees as soon as practicable following the Separation Date a payment in cash equal to such fractional share interest multiplied by the volume-weighted average trading price of the Ironwood Common Stock or Cyclerion Common Stock, as the case may be, on the ten (10) trading days immediately following the date upon which the Separation Effective Time occurs.

(g) Administration. Each of Ironwood and Cyclerion shall establish an appropriate administration system (through E*TRADE Securities LLC and Computershare Limited) in order to handle exercises and delivery of shares in an orderly manner and provide reasonable levels of service for equity award holders. Upon the Distribution Effective Time, Cyclerion shall succeed to all administrative and interpretive and other rights of Ironwood with respect to awards converted into awards with respect to Cyclerion Common Stock hereunder. Each of Ironwood and Cyclerion agree that it shall engage E*TRADE Securities LLC as its stock plan administrator until the date on which all Cyclerion Options and RSUs held by Ironwood

Participants and all Ironwood Options, Restricted Stock and RSUs held by Cycleron Participants have vested (or, with respect to Options, vested and been exercised), expired, terminated or been forfeited or cancelled. Notwithstanding the foregoing sentence, Ironwood or Cycleron may engage a stock plan administrator other than E*TRADE Securities LLC with the written consent of the other party.

(h) No Effect on Subsequent Awards. The provisions of this Section 5.2 shall have no effect on the terms and conditions of equity and equity-based awards granted following the Distribution Date by Ironwood or Cycleron.

(i) No Termination of Employment or Service. Holders of equity or equity-based awards described in this Section 5.2 will not be treated as having experienced a termination of employment or service for purposes of such awards as a result of the Separation or the occurrence of the Distribution Effective Time.

Section 5.3. Ironwood ESPP. As of the Distribution Effective Time, the participation of Cycleron Employees in the Ironwood ESPP shall terminate and, as soon as practicable following the Distribution Date, the Cycleron Employees shall receive a lump sum amount in respect of their payroll deductions not previously used to purchase Ironwood Common Stock in accordance with the terms of the Ironwood ESPP.

Section 5.4. Blackout Period.

(a) During the period beginning as of the Record Date and ending as of the date that is eight (8) weeks following the Distribution Date (the "Blackout Period"), no Ironwood Participant or Cycleron Participant who holds vested Ironwood Options may exercise such Ironwood Options.

(b) If the employment of an Ironwood Employee or a Cycleron Employee is terminated during the Blackout Period, and the entity employing such individual (the "Employing Entity"), determines to extend the period of exercisability applicable to stock options held by such Ironwood Employee or Cycleron Employee, the entity that does not employ such individual (the "Non-Employing Entity") shall also elect to extend the period of exercisability applicable to any stock options held by such individual in the Non-Employing Entity; provided, however, that the Non-Employing Entity shall not be required to extend the period of exercisability for such stock options for any period longer than is necessary to provide such individual the opportunity to exercise his or her stock options in the Non-Employing Entity for the period of time provided in the applicable award agreement.

Section 5.5. Section 409A. The Parties agree that their intent is that all payments and benefits under this Agreement will comply with or be exempt from Section 409A of the Code to the extent applicable. This Agreement shall be interpreted such that all such payments and benefits either comply with or are exempt from Section 409A of the Code, and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, Ironwood and Cycleron agree to negotiate in good faith regarding the need for any treatment of any payments or benefits hereunder different from that otherwise provided

herein to ensure that the treatment of Ironwood or Cycleron Options, RSUs, Restricted Stock or other compensation hereunder does not cause the imposition of a tax under Section 409A of the Code.

ARTICLE VI

GENERAL AND ADMINISTRATIVE

Section 6.1. Sharing of Participant Information. To the maximum extent permitted under applicable Law, Ironwood and Cycleron shall share, and shall cause each member of its respective Group to share, with each other and their respective agents and vendors all participant information reasonably necessary for the efficient and accurate administration of each of the Ironwood Plans and the Cycleron Plans. Ironwood and Cycleron and their respective authorized agents shall, subject to applicable Laws on confidentiality, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other Party, to the extent necessary for such administration.

Section 6.2. No Third Party Beneficiaries. No provision of this Agreement or the Separation Agreement shall be construed to create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any future, present, or former employee of Ironwood, an Ironwood Group member, Cycleron, or a Cycleron Group member under this Agreement, the Separation Agreement, any Ironwood Plan or Cycleron Plan or otherwise. Except as expressly provided in this Agreement, nothing in this Agreement shall preclude Cycleron or any Cycleron Group member, at any time after the Distribution Effective Time, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Cycleron Plan, any benefit under any Cycleron Plan or any trust, insurance policy or funding vehicle related to any Cycleron Plan; and (iii) except as expressly provided in this Agreement, nothing in this Agreement shall preclude Ironwood or any Ironwood Group member, at any time after the Distribution Effective Time, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Ironwood Plan, any benefit under any Ironwood Plan or any trust, insurance policy or funding vehicle related to any Ironwood Plan.

Section 6.3. Audit Rights with Respect to Information Provided. Each of Ironwood and Cycleron, and their duly authorized representatives, shall have the right to conduct reasonable audits with respect to all information provided to it by the other Party pursuant to this Agreement. The Parties shall cooperate to determine the procedures and guidelines for conducting audits under this Section 6.3, which shall require reasonable advance notice by the auditing Party. The auditing Party shall have the right to make copies of any relevant records at its expense, subject to applicable Law. Failure of a third party service provider to provide information shall not constitute a breach of this Section 6.3; provided, that the applicable Party has timely requested the information from such service provider

Section 6.4. Fiduciary Matters. Ironwood and Cycleron each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its

good faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 6.5. Consent of Third Parties. If any provision of this Agreement is dependent on the consent of any third party (such as a vendor or Governmental Entity), Ironwood and Cycleron shall use commercially reasonable efforts to obtain such consent, and if such consent is not obtained, to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, Ironwood and Cycleron shall negotiate in good faith to implement the provision in a mutually satisfactory manner. The phrase “commercially reasonable efforts” as used herein shall not be construed to require the incurrence of any non-routine or unreasonable expense or liability or the waiver of any right.

Section 6.6. Assignment of “Claw-Back” or Recoupment Rights. To the extent a member of the Ironwood Group holds any repayment “claw-back” or recoupment rights with respect to remuneration paid or provided to Cycleron Employees (e.g., the right to require repayment of compensation upon a termination of employment or misconduct by the employee) in connection with any relocation benefit, sign-on bonus, tuition benefit or otherwise, such rights are hereby assigned to Cycleron upon the Distribution Effective Time, it being agreed that the transactions contemplated by the Separation Agreement shall not, in and of themselves, trigger any such repayment or recoupment right. The Parties shall cooperate to execute any further documentation as may be necessary to evidence such assignment.

Section 6.7. Proprietary Information and Inventions Agreements. Effective as of the Distribution Effective Time, Ironwood shall, or shall cause the appropriate member of the Ironwood Group to, waive such rights under any proprietary information, confidentiality, inventions, restrictive covenant or similar agreement between any Cycleron Employee and any Ironwood Group member as Ironwood determines in its discretion to be necessary or appropriate to permit such Cycleron Employee to perform her services to Cycleron or a Cycleron Group member from and after the Distribution Effective Time.

ARTICLE VII

DISPUTE RESOLUTION

Section 7.1. Negotiation. A Party seeking resolution of (i) a controversy, dispute or Action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transaction contemplated hereby, including any Action based on contract, tort, statute or constitution (collectively, “Disputes”) shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail (“Dispute Notice”). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided, that

such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cyclorion shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement or any Ancillary Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article VII.

Section 7.2. Arbitration. Any Dispute that is not resolved pursuant to Section 7.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration pursuant to the procedures set forth in Section 8.2 of the Separation Agreement.

Section 7.3. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

Section 7.4. Injunctive or Other Equity Relief. Nothing contained in this Agreement shall deny any Party the right to seek injunctive or other equitable relief in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing arbitration proceeding; provided, however, that any other relief not expressly permitted under this Section 7.4 must be pursued in accordance with Section 7.2, with all remedies being cumulative to the extent allowed by applicable Law. The Parties further agree that any action brought under this Section 7.4 shall be brought exclusively in the state or federal courts within the Commonwealth of Massachusetts and that such courts shall have personal jurisdiction over the Parties in such action.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Complete Agreement; Construction. This Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Separation Agreement, this Agreement shall prevail.

Section 8.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 8.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become

effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 8.4. Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Effective Time and remain in full force and effect in accordance with their applicable terms.

Section 8.5. Expenses.

(a) Except as otherwise expressly provided in this Agreement, or as otherwise agreed to in writing by the Parties, all out-of-pocket fees and expenses incurred at or prior to the Distribution Effective Time in connection with, and as required by, the preparation, execution, delivery and implementation of this Agreement shall be borne and paid by Ironwood.

(b) Except as otherwise expressly provided in this Agreement (including this Section 8.4), or as otherwise agreed to in writing by the Parties, each Party shall bear its own costs and expenses incurred or accrued after the Distribution Effective Time; provided, however, that, except as otherwise expressly provided in this Agreement, any fees, costs and expenses incurred in obtaining any Consents or novation from a Third Party in connection with the Transfer to or Assumption by a Party or its Subsidiary of any Assets or Liabilities in connection with the Separation shall be borne by the Party or its Subsidiary to which such Assets are being Transferred or which is Assuming such Liabilities.

Section 8.6. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.6):

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Facsimile: 617-588-0623

To Cycleron:

Cyclerion Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: Chief Financial Officer
Phone: 857-327-8778
Facsimile: 617-890-6595

Section 8.7. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 8.8. Assignment. No Party may assign any rights or delegate any obligations arising under Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (i) with respect to Ironwood, to a Subsidiary of Ironwood (so long as such Subsidiary remains a Subsidiary of Ironwood), (ii) with respect to Cyclerion, to a Subsidiary of Cyclerion (so long as such Subsidiary remains a Subsidiary of Cyclerion) or (iii) to a bona fide Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of a Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (i) and (ii), no assignment permitted by this Section 8.7 shall release the assigning Party from liability for the full performance of its obligations under this Agreement. It is understood and agreed that any Party may cause any of its Subsidiaries to perform any or all of its obligations hereunder, and may designate any of its Subsidiaries to receive any of its entitlements hereunder.

Section 8.9. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 8.10. Termination and Amendment. This Agreement may be terminated, modified or amended, and the Distribution may be amended, modified or abandoned, at any time prior to the Distribution Effective Time by and in the sole and absolute discretion of Ironwood without the approval of Cyclerion or the stockholders of Ironwood. In the event of such termination, no Party shall have any liability of any kind to the other Party or any other Person by reason of such termination. After the Distribution Effective Time, this Agreement may not be terminated, modified or amended except by an agreement in writing signed by Ironwood and Cyclerion.

Section 8.11. Payment Terms.

(a) Except as otherwise expressly provided to the contrary in this Agreement, any amount to be paid or reimbursed by a Party (and/or a member of such Party's Group) to the other Party (and/or a member of such other Party's Group) under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand

therefor, in either case setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate, from time to time in effect, plus two percent (2%), calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(c) Without the consent of the party receiving any payment under this Agreement specifying otherwise, all payments to be made by either Ironwood or Cycleron under this Agreement shall be made in U.S. dollars. Except as expressly provided herein, any amount which is not expressed in U.S. dollars shall be converted into U.S. dollars by using the exchange rate published on Bloomberg at 5:00 p.m., Eastern time, on the day before the relevant date, or in The Wall Street Journal, Eastern Edition, on such date if not so published on Bloomberg. Except as expressly provided herein, in the event that any indemnification payment required to be made hereunder may be denominated in a currency other than U.S. dollars, the amount of such payment shall be converted into U.S. dollars on the date notice of the claim is given to the Indemnifying Party.

Section 8.12. Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party at or after the Distribution Effective Time, in each case to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 8.13. Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and shall not be deemed to confer upon any Person other than the Parties any remedy, claim, liability, reimbursement, cause of Action or other right beyond any that exist without reference to this Agreement.

Section 8.14. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 8.15. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the Laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of Laws.

Section 8.16. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic

effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 8.17. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," "clause," "Exhibit" and "Schedule" are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "\$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) unless the context requires otherwise, references to "party" shall mean Ironwood or Cyclerion, as appropriate, and references to "parties" shall mean Ironwood and Cyclerion; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (k) Ironwood and Cyclerion have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (l) a reference to any Person includes such Person's successors and permitted assigns.

Section 8.18. No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 8.19. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.20. Transfer of Records and Information. Subject to applicable Law, Ironwood shall transfer to Cyclerion any and all employment records and information (including, but not limited to, any Form I-9, Form W-2 or other Internal Revenue Service forms) with respect to Cyclerion Employees and other records reasonably required by Cyclerion to enable Cyclerion properly to carry out its obligations under this Agreement. Such transfer of records and information generally shall occur as soon as administratively practicable on or after the Distribution Effective Time. Each Party will permit the other Party reasonable access to employee records and information, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder (subject to applicable Law).

Section 8.21. Cooperation. The Parties agree to reasonably cooperate to effect the terms and conditions of this Agreement, from and after the date hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert

Name: Halley Gilbert

Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett

Name: William Huyett

Title: President

[Signature Page to Employee Matters Agreement]

DEVELOPMENT AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of April 1, 2019

DEVELOPMENT AGREEMENT

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DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this "Agreement"), dated as of April 1, 2019 (the "Effective Date"), is entered into by and between Ironwood Pharmaceuticals, Inc. ("Ironwood"), a Delaware corporation, and Cycleron Therapeutics, Inc. ("Cycleron"), a Massachusetts corporation. "Party" or "Parties" means Ironwood or Cycleron, individually or collectively, as the case may be.

WITNESSETH:

WHEREAS, Ironwood controls certain patents related to human pharmaceutical products ("Products"), including the compound IW-3718, linaclotide, and related intellectual property;

WHEREAS, Cycleron engages in research and development of soluble guanylate cyclase stimulator products in any field; and

WHEREAS, Ironwood wishes to commission Cycleron to perform, and Cycleron wishes to provide, its unique research and development capabilities to develop Products of Ironwood, including a delayed-release formulation linaclotide product.

NOW, THEREFORE In consideration of the agreements and mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Ironwood and Cycleron agree as set forth herein:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. General. Unless otherwise specifically provided herein, the following capitalized terms will have the following meanings. Any capitalized term used herein but not defined in this Section 1.1 will have the meaning ascribed to it in this Agreement.

(1) "Affiliate" means, with respect to each Party, any corporation, company, partnership, joint venture or firm which controls, is controlled by or is under common control with that Party. As used in this Section 1.1(1), "control" means (i) in the case of corporate entities, direct or indirect ownership of shares of capital stock having at least fifty percent (50%) of the votes available in any election of directors (or such lesser percentage that is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction), and (ii) in the case of non-corporate entities, the direct or indirect power to manage, direct, or cause the direction of, the management and policies of the non-corporate entity or the power to elect at least fifty percent (50%) of the members of the governing body of such non-corporate entity.

(2) "Deliverables" means those deliverables of the Services set forth in Appendix A hereto.

(3) “Executive Officers” means Thomas McCourt, President of Ironwood (or a designee of such officer) and Mark Currie, President of Research & Development of Cycleron (or a designee of such officer).

(4) “FTE Rate” means the amount to be paid per full-time equivalent of Cycleron under this Agreement on an annual basis. The FTE Rate as of the Effective Date will be three hundred and fifteen thousand dollars (\$315,000), as such rate may be amended from time to time by the mutual written consent of the Parties or in accordance with this Agreement. The FTE Rate for a full-time equivalent for a calendar month shall equal one-twelfth (1/12th) of the foregoing annual rate and the FTE Rate for a full-time equivalent for a calendar quarter shall equal one-fourth (1/4th) of the foregoing annual rate.

(5) “Internal Costs” shall mean, for any Services conducted during a given period of time during the Term, (a) the FTE Rate *plus* fifteen percent (15%) of such FTE Rate *multiplied* by the number of full-time equivalents of Cycleron performing such Services in accordance with this Agreement during such period of time *plus* (b) any other costs directly related to the provision of such Services during such period of time under this Agreement, as agreed upon between the Parties in writing.

(6) “Inventions” means inventions, discoveries, improvements, ideas, designs, processes, techniques, formulations, strategies, products, substances, computer programs, works of authorship, databases, mask works, trade secrets, know-how, information, data, documentation, reports, research and other creations (whether or not patentable or subject to copyright or trade secret protection).

(7) “Ironwood Invention” means any Invention (i) arising or derived from or made through the use of Ironwood’s Confidential Information or (ii) arising or derived from or made in the performance of the Services or the creation of the Deliverables that specifically relates to one or more Products (including the formulation or manufacture thereof) (i.e. not an Invention that is generally applicable to pharmaceutical products).

(8) “Representatives” means, with respect to each Party to this Agreement, its directors, officers, employees, agents, contractors and consultants.

(9) “Services” means all of the services to be provided by or on behalf of Cycleron under this Agreement and described in the Service Schedule hereto, as such Service Schedule may be updated and supplemented from time to time in accordance with the provisions of this Agreement. “Service” means each such service.

(10) “Third Party” means any person or entity other than Ironwood, Cycleron or their Affiliates.

Section 1.2. Interpretation. Except where the context otherwise requires, the singular will include the plural, the plural will include the singular, the use of any gender will be applicable to all genders, and the word “or” means “and/or.” References to a number of days, unless otherwise specified, means calendar days. The captions of this Agreement are for convenience of reference only and do not define, describe, extend or limit the scope or intent of any provision contained in this Agreement. The terms “including,” “include,” or “includes” are

not intended to limit generality of any description preceding such term. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party. Unless otherwise expressly specified, references to Ironwood include Ironwood's Affiliates, and references to Cycleron include Cycleron's Affiliates.

ARTICLE II

SERVICES AND GOVERNANCE

Section 2.1. Service Schedule. All Services or Deliverables to be provided by Cycleron under this Agreement are set forth in Appendix A (as may be amended from time to time in accordance with this Agreement, the "Service Schedule"). At all times, the Service Schedule shall be in writing and, at a minimum, identify and adequately describe the Services, the Deliverables and a delivery or completion date. The Service Schedule may only be amended by the JSC (as defined in Section 2.2). In the event either Party would like to amend the Services to be provided under this Agreement, it may submit a proposed amendment of the Service Schedule to the JSC and such amendment shall only be made to the Service Schedule under this Agreement upon approval of such amendment by the JSC and amendment of the Budget (as defined in Section 4.1) by the JSC as necessary to contemplate such additional Services. Notwithstanding anything to the contrary in the Service Schedule, this Agreement shall govern all Services and to the extent there is any conflict, discrepancy or inconsistency between the Service Schedule and the terms of this Agreement, the terms of this Agreement shall control, unless the Service Schedule specifically references the conflict, discrepancy or inconsistency and provides that it shall govern.

Section 2.2. Joint Steering Committee.

(a) Within thirty (30) days after the Effective Date, the Parties shall establish, and have the first meeting of, a joint steering committee (the "Joint Steering Committee" or "JSC"). Unless otherwise agreed by the Parties, the Joint Steering Committee shall be comprised of three (3) representatives from each Party with one (1) representative with relevant decision-making authority from each Party such that the JSC is able to effectuate all of its decisions within the scope of its responsibilities as set forth in this Agreement. Either Party may replace or substitute its respective representatives to the JSC at any time with prior notice to the other Party, provided that such replacement or substitute is of comparable authority within that Party. Upon mutual agreement of the Parties, additional representatives or consultants may be invited to attend a JSC meeting, subject to such representatives' and consultants' written agreement to comply with the requirements of Article VI. Each Party shall bear its own expenses relating to attendance at such meetings by its representatives and its invited representatives or consultants (if any). The JSC may create such subcommittees or project teams as it deems necessary to carry out its responsibilities.

(b) The JSC shall be responsible for the oversight of the provision of the Services during the Term and performing those duties and making those decisions expressly reserved for the JSC under this Agreement, including the approval of the Service Schedule and Budget (and amendments to each). The JSC shall not have responsibility or any decision-

making authority over the day-to-day provision of Services under this Agreement. Neither the JSC nor any subcommittee or project team shall have the power to amend, modify or waive compliance under this Agreement. Notwithstanding anything to the contrary in this Agreement, no decision by either Party, or the JSC, shall be effective if such decision requires the other Party to breach any obligation under this Agreement or applicable law and all determinations made by the JSC shall be subject to and shall comply with the terms of this Agreement.

(c) The JSC shall meet in accordance with a schedule established by mutual written agreement of the Parties, at least once per calendar quarter (and more frequently as the JSC determines is necessary to fulfill its responsibilities), with the location for such meetings alternating between each Party's facilities (or such other locations as are determined by the JSC). Alternatively, if the Parties agree, the JSC may meet by means of teleconference, videoconference or other similar communications equipment. A quorum of at least one JSC member appointed by each Party shall be present at or shall otherwise participate in each Joint Steering Committee meeting.

(d) The JSC shall act by unanimous agreement of its members, with each Party having one vote. If the JSC, after fifteen (15) calendar days (or such other period as the Parties may otherwise mutually agree) fails to reach such a unanimous decision, then the Executive Officers shall meet promptly thereafter and shall negotiate in good faith to resolve the issue as soon as is practicable. Agreement by Executive Officers under this Section 2.2(d) shall be deemed agreement and approval by the JSC for purposes of this Agreement.

Section 2.3. Provision of Services. Cycleron shall perform the Services in a professional, diligent and timely manner consistent with the industry standards prevailing for comparable services and in accordance with this Agreement, including the Service Schedule. To the extent a more specific standard of care is specified in the Service Schedule with respect to any Service, Cycleron shall comply with such more specific standard. Notwithstanding any provision of this Agreement to the contrary, Cycleron shall not be required to (a) perform any Service in any manner that violates or contravenes any restrictions imposed on Cycleron by applicable law, (b) perform any Service in any manner that breaches or contravenes any contractual obligations owed by Cycleron to any Third Party(ies) or (c) perform any Service to the extent that the conduct of such would, in the good faith belief of Cycleron, infringe, violate or misappropriate intellectual property rights of any Third Party.

Section 2.4. Inspections. Ironwood may, upon reasonable prior notice to Cycleron (such notice to be no less than ten (10) days prior to the relevant inspection) and during normal business hours, inspect the facilities used to render any Services, including books and records pertaining to the Services, to review the performance of Services and confirm that Services are being performed in accordance with the terms of this Agreement (including the Service Schedule) and applicable laws. To the extent Ironwood performs any such inspection, Ironwood shall comply with Cycleron's reasonable security procedures.

Section 2.5. Location; On-Site Security Procedures. Cycleron shall perform the Services for Ironwood at the premises of Cycleron except for those Services, if any, that to be performed at a different location that is identified in the Service Schedule. Each Party agrees that all of its and its Affiliates' employees shall, and that it shall use commercially reasonable

efforts to cause its Representatives' employees to, when on the property of the other Party or any of its Affiliates, or when given access to any facilities, information, systems, infrastructure or personnel of the other Party or any of its Affiliates, conform to the policies and procedures of such other Party and any of its Affiliates, as applicable, concerning health, safety, conduct and security which are made known to the Party receiving such access from time to time. To the extent Cyclerion performs any of the Services on Ironwood premises, Cyclerion shall comply with Ironwood's Security Procedures, as set forth and defined in Appendix B hereto.

Section 2.6. Data Submission and Verification. Cyclerion will provide to Ironwood (a) a copy of all raw data generated in the conduct of the Services in a format mutually agreed upon by Ironwood and Cyclerion and (b) any databases and technical reports described in the Service Schedule. Cyclerion shall verify the accuracy of the data contained in all databases or reports provided by it against the raw data and will attach a signed statement attesting to such verification to each database or report provided to Ironwood. As per Ironwood's requirements as provided to Cyclerion in advance, Cyclerion will ensure that the database format is compatible with relevant existing databases of Ironwood.

Section 2.7. Standard Operating Procedures. Upon Ironwood's request, Cyclerion will provide Ironwood with its standard operating procedures and policies relevant to the performance of Services.

Section 2.8. Regulatory Inspections. If any governmental or regulatory authority of appropriate jurisdiction conducts, or gives notice of intent to conduct, an inspection of the books and records of Cyclerion relevant to the Services or any facility of Cyclerion where Services are performed, Cyclerion shall as soon as practicable, and in no event less than one (1) business day, provide Ironwood with written notice thereof. To the extent the inspection relates to or impacts Services performed for Ironwood, Cyclerion shall furnish Ironwood with all material information, including copies of all communications pertinent to such inspection and, further, Ironwood shall have the right, if permitted under applicable law and by the relevant authority, to be present at any such inspection and to review and comment on any communication with such governmental or regulatory authority in each case only in respect of that portion of such inspection or communication as pertains to the Services. Cyclerion shall cause its Permitted Subcontractors (as defined in Section 2.9 below), Affiliates and Representatives involved in the performance of the Services that are the subject of such governmental inspection or who are performing the Services at the facility that is the subject of such government inspection to cooperate with such inspection. Cyclerion and its Affiliates shall promptly take all steps necessary to correct any deficiencies related to the Services noted by such inspecting authority during the inspection. Unless prohibited by applicable law or the relevant authority, Cyclerion shall not send or submit, and shall cause its Affiliates, Representatives and any Permitted Subcontractors to not send or submit, any communication to a regulatory authority that is in response to a notice to inspect or other regulatory action or proposed regulatory action, or any other non-routine regulatory matter, that references Ironwood or any of its respective Affiliates or any Services, without first allowing Ironwood to review and comment upon such communication.

Section 2.9. Subcontracting. Cyclerion may not, in whole or in part, subcontract or delegate the performance of any Services without Ironwood's consent except to a Party

designated as a Permitted Subcontractor in the Service Schedule; provided that in the event Cycleron provides Ironwood with evidence that certain subcontracting or delegation is necessary or beneficial to Cycleron's performance under this Agreement, Ironwood shall not unreasonably withhold, delay or condition its consent to such subcontracting or delegation. "Permitted Subcontractor" means a Third Party to whom the performance of such Service has been subcontracted or delegated with Ironwood's prior written consent. Cycleron shall remain liable for and indemnify Ironwood against any and all liabilities arising in connection with, the performance of any Services subcontracted or delegated to any Affiliate or Third Party.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS BY CYCLERION

Section 3.1. Due Authorization. Cycleron has the full power and authority to enter into and perform this Agreement and this Agreement is a valid and binding obligation of Cycleron, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors.

Section 3.2. No Impairment. Cycleron shall not enter into any agreement that would materially impair its ability to perform its obligations hereunder.

Section 3.3. No Conflict. Cycleron shall not enter into any agreement, either written or oral, that would conflict with Cycleron's obligations under this Agreement.

Section 3.4. Compliance. In performing the Services and creating and delivering the Deliverables, Cycleron shall comply with all applicable federal, state and local laws, regulations, professional standards, and industry codes, ordinances and orders, as amended from time to time, including (i) the Foreign Corrupt Practices Act of 1977 and the UK Bribery Act, (ii) the federal anti-kickback statute (42 U.S.C. §1320a-7b(b)), and state anti-kickback and other laws restricting gifts to, relationships with and information from prescribers, (iii) the federal Food and Drug Administration laws, regulations and guidance, including the federal Food, Drug and Cosmetic Act and the Prescription Drug Marketing Act, (iv) those governing the purchase and sale of securities while in possession of material, non-public information about a company, (v) state and federal privacy and data security laws, including the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and Chapter 93H of The Massachusetts General Laws and its implementing regulations, 201 CMR 17.00, and (vi) Good Laboratory Practices ("GLP") and Good Clinical Practices ("GCP"). During the Term, upon Ironwood's reasonable request, Cycleron will provide Ironwood with a copy of its policies and procedures concerning compliance with the foregoing, as applicable, and a written certification (not more frequently than annually) that its performance of the Services complies with this Section 3.4. During the Term, Cycleron shall promptly notify Ironwood in writing of any known or expected violations of this Section 3.4. In addition, Cycleron will comply with all reasonable and applicable Ironwood policies and procedures as provided in writing to Cycleron to the extent such policies and procedures comply with applicable law and are reasonably consistent with general industry standards.

Section 3.5. No Infringement. To the best of Cycleron’s knowledge, the provision of Services under this Agreement will not infringe or violate any patent, copyright, trade secret or other proprietary or intellectual property right of any Third Party. In addition, Cycleron represents and warrants that all Deliverables shall be delivered free of any claim of infringement of any patent, trade secret, copyright, trademark or any other proprietary or intellectual right of any person. Within 180 days of providing a Deliverable, if any Deliverable is determined to be infringing, or in Ironwood’s reasonable opinion is likely to be the subject of a claim of infringement, without limiting any other right or remedy of Ironwood under this Agreement or applicable law, Cycleron shall at its expense and option either (i) procure the right for Ironwood to continue using it, (ii) replace it with a non-infringing equivalent, (iii) modify it to make it non-infringing, or (iv) direct the return of the Deliverable and refund to Ironwood the fees paid for such Deliverable less a reasonable amount for Ironwood’s use of the Deliverable up to the time of return.

Section 3.6. Absence of Debarment. Cycleron represents and warrants that it, its Affiliates, Representatives, any Permitted Subcontractors and any other person used by Cycleron to perform the Services (a) has not been debarred, convicted, and is not subject to any pending debarment or conviction, pursuant to section 306 of the United States Food Drug and Cosmetic Act, 21 U.S.C. § 335a, (b) has not been listed by any government or regulatory agencies as (i) ineligible to participate in any government healthcare programs or government procurement or non-procurement programs (as that term is defined in 42 U.S.C. 1320a-7b(f)) or excluded, debarred, suspended or otherwise made ineligible to participate in any such programs, or (ii) disqualified or restricted, from receiving investigational products pursuant to the government or regulatory agency’s regulations, or (c) has not been convicted of a criminal offense related to the provision of healthcare items or services, and is not the subject of any such pending action, suit, claim, investigation or proceeding. Cycleron will promptly inform Ironwood in writing if Cycleron or any person who is performing Services has been or becomes subject to any of the foregoing, or if any action, suit, claim, investigation, or proceeding relating to the foregoing is pending or threatened.

ARTICLE IV

COMPENSATION

Section 4.1. Budget.

(a) An initial budget setting forth, on a Service-by-Service basis, (i) the Internal Costs to be expended in the performance of the Services through the end of the first full calendar quarter following the Effective Date and (ii) an allowance for reasonable and documented out-of-pocket business expenses to be incurred by Cycleron (the “OOP Service Expenses”) in the performance of the Services through the end of the first full calendar quarter following the Effective Date is attached as Appendix E (such budget, as amended and updated from time to time in accordance with this Agreement, the “Budget”). Sixty (60) days prior to the end of each full calendar quarter during the Term, the JSC shall meet to update the Budget for the following calendar quarter, such update to be in the form of an amendment to the Budget approved by the JSC and to reflect the Internal Costs and the OOP Service Expenses to be expended in the performance of Services in such following calendar quarter.

(b) In the event that the JSC cannot agree on an updated Budget for an upcoming calendar quarter (including via the escalation procedure described in Section 2.2(d)) in forty (40) calendar days (i.e. twenty (20) calendar days prior to the end of the calendar quarter), the matter shall be resolved by an expert with at least ten (10) years' experience in services similar to the Services under this Agreement (an "Expert"), such Expert to be mutually agreed upon by the Parties in accordance with this Section 4.1; provided that if the Parties cannot decide on such an Expert in five (5) calendar days, each Party shall pick one (1) Expert and such Experts shall select a third Expert to form a three-member Expert panel. In all cases, no later than ten (10) days prior to the end of any full calendar quarter, if a Budget for the next calendar quarter has not been decided upon by the JSC, the relevant Expert or Experts shall be chosen for resolution of the dispute and each Party shall have submitted to such Expert and Experts the Budget it believes, in good faith, to be an accurate representation of the Internal Costs and the OOP Service Expenses to be reasonably incurred in the performance of Services in the following calendar quarter, along with any supporting documentation it believes would be helpful for the determination of the Expert or Experts. The Parties shall request that the Expert or Experts select, out of the two (2) proposed Budgets submitted by the Parties, the Budget that most closely reflects what the Expert or Experts believe, in good faith, to be an accurate representation of the Budget for the following calendar quarter (based on the description of the Budget in this Agreement), such determination to be made prior to the beginning of the following calendar quarter. Upon such determination by the Expert or Experts, such determination shall be deemed binding, final and non-appealable and the selected Budget shall be the "Budget" for the following calendar quarter under this Agreement.

Section 4.2. FTE Rate Adjustment. Following the end of the first partial calendar year of the Term, the FTE Rate used to calculate Internal Costs for each subsequent calendar year during the Term shall be adjusted annually during the first calendar quarter of such subsequent calendar year based on the change in the rate of the Employment Cost Index for total compensation for the "management, professional and related" occupational group, as published by the United States Department of Labor, Bureau of Labor Statistics from the beginning to end of the previous calendar year (or any similar index agreed upon by the Parties if such index ceases to be compiled and published).

Section 4.3. Invoice; Payment Terms.

(a) Cyclerion will provide Ironwood with a preliminary quarterly statement six (6) business days after the close of each calendar quarter and a final quarterly statement ten (10) business days after the close of each calendar quarter, both in the form attached as Appendix C (each, a "Quarterly Statement"), which Quarterly Statement shall reflect, on a Service-by-Service basis, Cyclerion's good faith estimate of the Internal Costs and OOP Services Expense payable for the Services for the preceding calendar quarter and incurred in accordance with this Agreement.

(b) Not later than twenty-five (25) days after the last day of each calendar quarter (or, if the Term ends during a calendar quarter, the last day of the Term), Cyclerion shall invoice Ironwood for Internal Costs and OOP Service Expenses incurred during such calendar quarter in accordance with this Agreement (including the Budget) and as full consideration for the Services rendered under this Agreement, subject to the terms of this Agreement (including

Section 4.3(c)), Ironwood shall pay Cycleron the Internal Costs and OOP Services Expense for such Services. To be valid, invoices must be in writing, contain such detail as Ironwood may reasonably require, be submitted and payable in U.S. Dollars and be accompanied (or preceded) by Cycleron's completed and signed U.S. Internal Revenue Service Form W-9, *Request for Tax Payer Identification Number and Certification*, or other applicable tax withholding form. Invoices and the completed Form W-9 must be emailed to ap@ironwoodpharma.com or sent to Accounts Payable, Ironwood Pharmaceuticals, Inc., 301 Binney Street, Cambridge, MA 02142. Ironwood will pay all undisputed amounts invoiced within thirty (30) days of its receipt of a valid invoice.

(c) Notwithstanding anything in the Agreement to the contrary, in no event shall Ironwood be responsible for (i) any OOP Service Expenses (A) incurred by Cycleron in a calendar quarter in excess of fifty thousand dollars (\$50,000) over the amount of OOP Service Expenses in the Budget for such calendar quarter without the JSC's prior written approval, (B) that are not in accordance with Ironwood's Travel and Expense Policy, as attached as Appendix D, as may be updated from time to time and provided to Cycleron or (C) that are not incurred in such calendar quarter, unless otherwise agreed to by the JSC or (ii) any Internal Costs incurred by Cycleron in a calendar quarter in the performance of a Service in excess of one hundred and ten percent (110%) of the approved amount for Internal Costs for such Service in the Budget for such calendar quarter, unless otherwise agreed to by the JSC.

Section 4.4. Taxes. Ironwood shall make all payments to Cycleron without deduction or withholding for taxes including income tax withholding, Value Added Tax ("VAT"), duties, sales tax or a similar tax except to the extent any such deduction or withholding is required by the tax laws of any federal, state, provincial or foreign government. In the event a deduction or withholding for taxes is applicable, Ironwood shall submit such deduction or withholding for taxes to the appropriate governmental authority and shall provide a tax certificate to Cycleron. In the event VAT or sales tax applies to the Services, Cycleron shall invoice such tax to Ironwood, as a reimbursable expense, and Cycleron shall remit such tax to the relevant government authority. Cycleron and Ironwood shall mutually cooperate to minimize any amount of tax assessed in respect of the performance of Services hereunder or as a deduction or withholding of taxes, including through the prompt completion and filing of any relevant tax forms with the relevant tax authorities.

Section 4.5. Fair Market Value. The Parties agree that the amount of compensation payable under this Agreement reflects (or will reflect) the fair market value of the Services and is consistent with arm's length transactions for services of the kind as the Services.

Section 4.6. No Right to Set-Off. Each Party hereto acknowledges and agrees that it shall not be permitted to set-off any amount owed by such Party pursuant to this Agreement against any amount or obligation owed to such Party or an Affiliate hereunder or pursuant to any other agreement between, on the one hand, a Party or its Affiliate and on the other hand, the other Party or its Affiliate (such agreement, a "Party Agreement").

Section 4.7. Financial Records; Audits. Cycleron shall keep true, complete and accurate records, receipts and other supporting data as Ironwood may reasonably require to verify the amounts invoiced to, and paid by, Ironwood under this Agreement. Cycleron shall

make such records available for audit by Ironwood or an independent accounting firm appointed by Ironwood for a period of three (3) years after the date on which the applicable Services have been completed. Such audits will be made no more than once each calendar year during ordinary business hours and upon reasonable prior notice; provided, however, that an audit “For Cause” may be conducted more frequently. For the purpose of this Section 4.7, an audit shall be deemed “For Cause” in the event that either (a) the last audit conducted by Ironwood or an independent accounting firm appointed by Ironwood has found material overpayments made by Ironwood or (b) Ironwood reasonably believes in good faith that Cycleron is requesting reimbursement of amounts improperly under this Agreement. To the extent that such audit reveals any overpayments or underpayments by Ironwood, Ironwood shall make up the amount of shortfall or, if applicable, Cycleron shall refund the amount of overpayment made by Ironwood, within thirty (30) days from the receipt of the audit results. Cycleron shall provide reasonable assistance, including making available members of its staff, to facilitate such audits.

ARTICLE V

PROPRIETARY RIGHTS

Section 5.1. Materials. All documentation, information, data, and biological, chemical and other materials controlled by Ironwood and furnished to Cycleron by or on behalf of Ironwood (the “Materials”) and all associated intellectual property rights will remain the exclusive property and Confidential Information of Ironwood. Cycleron shall use Materials provided by Ironwood only as necessary to perform the Services and shall treat the Materials in accordance with the requirements of this Section 5.1. Cycleron shall not use or evaluate such Materials or any portions thereof for any other purpose except as directed or permitted in writing by Ironwood. Without Ironwood’s prior written consent, Cycleron shall not analyze or reverse-engineer such Materials, or transfer or make the Materials available to Third Parties.

Section 5.2. Inventions.

(a) Cycleron assigns and agrees to assign to Ironwood all rights in the United States and throughout the world to the Ironwood Inventions. Ironwood shall exclusively own all Ironwood Inventions and all right, title and interest therein shall be exclusively vested in Ironwood. Ironwood Inventions will constitute Confidential Information of Ironwood, and Cycleron shall protect such Confidential Information in accordance with Article VI below. For purposes of the copyright laws of the United States, Ironwood Inventions will constitute “works made for hire” as defined under the United States Copyright Act, 17 U.S.C. 101, except to the extent such Inventions cannot by law be “works made for hire,” in which case, Cycleron irrevocably assigns all copyrights in the Ironwood Inventions, including the right to prepare derivative works, to Ironwood. Cycleron represents and warrants to Ironwood that all Cycleron Representatives involved in providing Services or creating Deliverables have entered into, or will enter into prior to commencing the Services, a written agreement which assigns to Cycleron all Inventions created by such Cycleron Representatives during the course of his or her employment by, or other provision of services to, Cycleron.

(b) Ownership of Inventions that are not Ironwood Inventions shall follow inventorship. Inventorship will be determined in accordance with United States patent laws

(regardless of where the applicable activities occurred). Cyclerion hereby grants, a non-exclusive, worldwide, royalty-free, fully paid up, sublicensable license to Ironwood under Cyclerion's right, title and interest in any Inventions not assigned to Ironwood pursuant to Section 5.2(a) and arising or derived from or made in the performance of the Services or the creation of the Deliverables to research, develop, make, have made, use, sell, offer for sale, have sold, import, perform and practice products in all fields, including any Products. Cyclerion will provide to Ironwood a copy of tangible embodiments of Inventions promptly following any request by Ironwood and, in any event, within ten (10) days after the end of the Term.

Section 5.3. Limited License. Subject to the terms and conditions of this Agreement, Ironwood hereby grants to Cyclerion a non-exclusive, royalty-free and fully paid-up license (sublicensable only to Permitted Subcontractors) under Ironwood's right, title and interest to (a) intellectual property rights Controlled by Ironwood as of the Effective Date and (b) Ironwood Inventions, in each case of clauses (a) and (b) that are necessary for Cyclerion to perform the Services in accordance with and under this Agreement, solely for use in the performance of Services under and pursuant to this Agreement. For the purposes of this Section 5.3, "Control" means, with respect to any intellectual property right, the legal authority or right (without taking into account any rights granted by Cyclerion to Ironwood under this Agreement) of Ironwood to grant a license or sublicense of or under such intellectual property rights to Cyclerion under this Section 5.3, without first breaching the terms of any agreement with a Third Party in existence as of the time Ironwood would first be required hereunder to grant Cyclerion such license or sublicense.

Section 5.4. Cooperation. During and after the Term of this Agreement, Cyclerion shall, and shall cause its Affiliates, Representatives and any Permitted Subcontractors to, cooperate fully in obtaining patent and other proprietary protection for any patentable Ironwood Inventions, all in the name of Ironwood and at Ironwood's cost and expense. Such cooperation will include, without limitation, executing and delivering all requested applications, assignments and other documents, and taking such other measures as Ironwood may reasonably request to perfect and enforce Ironwood's rights in the Ironwood Inventions. Cyclerion irrevocably designates and appoints Ironwood its agent and attorney-in-fact to execute, file and deliver any such documents and do all other lawfully permitted acts on behalf of Cyclerion, its Affiliates and Representatives if Cyclerion, its Affiliates or Representatives fail to do so to Ironwood's reasonable satisfaction.

Section 5.5. Cyclerion Property. Notwithstanding the foregoing, Cyclerion will retain full ownership rights in and to all inventions, processes, know-how, trade secrets, improvements and other materials developed or obtained or licensed from third parties by Cyclerion and its Affiliates (collectively, the "Cyclerion Property") prior to or independent of the performance of its obligations under this Agreement and without access to, or use of, Ironwood's Confidential Information, regardless of whether such Cyclerion Property is used in connection with Cyclerion's performance of the Services or creation of the Deliverables. Cyclerion hereby grants to Ironwood a perpetual, non-exclusive, fully paid-up, royalty-free, irrevocable worldwide license, with the right to grant sublicenses, to use Cyclerion Property solely to the extent required for Ironwood's use of the Deliverables, including the use of Deliverables in a product.

Section 5.6. Work at Third Party Facilities. Except as permitted under the applicable Service Schedule, Cycleron shall not transfer Materials to any Third Party or use any Third Party facilities or intellectual property in performing the Services without Ironwood's prior written consent.

Section 5.7. Records. Cycleron shall maintain all materials and all other data and documentation obtained or generated by Cycleron in the course of preparing for and providing Services hereunder, including all computerized records and files (the "Records") in a secure area reasonably protected from fire, theft and destruction. These Records will be "Works Made for Hire" and will remain the exclusive property of Ironwood. Records will be retained by Cycleron for a period of seven (7) years, or longer if required under applicable law or regulation, unless Ironwood requests that such Records be delivered to Ironwood or to its designee in such form as is then currently in the possession of Cycleron, in which case Cycleron shall so deliver such Records to the extent they are not otherwise required to be stored or maintained by Cycleron as a matter of law or regulation. In no event will Cycleron dispose of any such Records without first giving Ironwood sixty (60) days' prior written notice of its intent to do so. Cycleron may, however, retain copies of any Records as are reasonably necessary for regulatory or insurance purposes, subject to Cycleron's obligation of confidentiality.

ARTICLE VI

CONFIDENTIALITY

Section 6.1. Definition. "Confidential Information" with respect to Ironwood means any and all non-public scientific, medical, regulatory, technical, financial, strategic, commercial or business information or data in written, oral, visual, electronic or other form owned, possessed or used by Ironwood, and learned of by Cycleron or developed by Cycleron in connection with the Services, whether or not labeled "Confidential", including but not limited to (a) Deliverables, Materials, scientific data and sequence information, (b) development and marketing plans, regulatory and business strategies, financial information, forecasts, personnel information and customer lists of Ironwood, and (c) all information of Third Parties that Ironwood has an obligation to keep confidential. "Confidential Information" with respect to Cycleron means any and all non-public, scientific, medical, regulatory, technical, financial, strategic, commercial or business information, or data in written, oral, visual, electronic or other form owned, possessed or used by Cycleron and learned of by Ironwood in connection with the Services, whether or not labeled as "Confidential," including development and marketing plans and business strategies and Third Party information, provided, however that the Deliverables shall not qualify as Confidential Information of Cycleron.

Section 6.2. Obligations. The Party receiving information (the "Recipient") will use any Confidential Information of the other Party (the "Disclosing Party") solely to perform the Services or exercise its rights or perform its obligations under this Agreement and will treat the Disclosing Party's Confidential Information with the same degree of care it uses to protect its own confidential information, but in no event with less than a reasonable degree of care. The Recipient will not directly or indirectly publish, disseminate or otherwise disclose, use for its own benefit or for the benefit of a third party, deliver or make available to any third party, any of

the Disclosing Party's Confidential Information, without the prior written consent of the Disclosing Party, other than to the Disclosing Party's Affiliates, Representatives and any Permitted Subcontractors who have a need to know such Confidential Information in the course of the performance of their duties under this Agreement and who are bound to protect the confidentiality of the Confidential Information consistent with the terms of this Agreement. The Recipient shall enforce the confidentiality obligations of its Affiliates, Representatives and any Permitted Subcontractors and shall be responsible for any breach of such obligations by such persons. The Recipient shall notify the Disclosing Party of any breach by Recipient or Recipient's Affiliates, Representatives and any Permitted Subcontractors of the obligations under this Section 6.2 as soon as practicable upon becoming aware of such breach. The provisions of this Article VI shall remain in effect for a period of seven (7) years after the expiration or termination of this Agreement.

Section 6.3. Exceptions. Confidential Information shall not include any information that the Recipient can demonstrate by competent written record:

- (a) is or later becomes generally available to the public by use, publication or the like, through no wrongful act or omission or negligence on the part of the Recipient, its Affiliates or its Representatives;
- (b) is disclosed without restriction to the Recipient by a third party who is in legal possession of such information and whose disclosure to the Recipient does not violate any contractual, legal or fiduciary obligation to the Disclosing Party or any third party;
- (c) is lawfully in the Recipient's possession (by means other than prior disclosure from the Disclosing Party) without any obligation to maintain confidentiality at the time of its receipt hereunder; or
- (d) is independently developed by the Recipient without aid, use or benefit of Confidential Information.

In the event that the Recipient is required by law or court order to disclose any Confidential Information, the Recipient will give the Disclosing Party prompt notice thereof so that the Disclosing Party may seek an appropriate protective order to obtain confidential treatment for such disclosed information. In addition, the Recipient will (i) take all reasonable actions to obtain confidential treatment for any disclosed Confidential Information; (ii) reasonably cooperate with the Disclosing Party in its efforts to seek such a protective order; and (iii) limit such disclosure of the Disclosing Party's Confidential Information to the fullest extent permitted under applicable law.

ARTICLE VII

DISPUTE RESOLUTION

Section 7.1. Negotiation. A Party seeking resolution of a controversy, dispute or action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transactions contemplated hereby or thereby, including any

action based on contract, tort, statute or constitution (excluding any matters that are subject to resolution as provided in Section 4.1(b), the disputes referenced above in this Section 7.1 are, collectively, “Disputes”) shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail (“Dispute Notice”). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed fifteen (15) days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within fifteen (15) days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cyclorion shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article VII.

Section 7.2. Arbitration.

(a) Claims. Any Dispute that is not resolved pursuant to Section 7.1 within thirty (30) days after receipt of a Dispute Notice shall be resolved by final and binding arbitration before a panel of three (3) experts with relevant industry experience (the “Arbitrators”). One (1) Arbitrator shall be chosen by Ironwood and one (1) Arbitrator shall be chosen by Cyclorion within forty-five (45) of receipt of a Dispute Notice. The third (3rd) Arbitrator shall be chosen by mutual agreement of the Arbitrator chosen by Ironwood and the Arbitrator chosen by Cyclorion within fifteen (15) days of the date that the last of such Arbitrators was appointed. The Arbitrators shall be administered by the International Chamber of Commerce (the “Administrator”) in accordance with its then existing arbitrator rules or procedures regarding commercial or business disputes. The arbitration shall be held in Boston, Massachusetts. The Arbitrators shall be instructed by the Parties to complete the arbitration within ninety (90) days after selection of the third (3rd) Arbitrator.

(b) Arbitrators’ Award. The Arbitrators shall, within fifteen (15) days after the conclusion of the arbitration hearing, issue a written award and statement of decision describing the essential findings and conclusions on which the award is based, including the calculation of any damages awarded. The decision or award rendered by the Arbitrators shall be final and non-appealable, and judgment may be entered upon it in accordance with the laws of the Commonwealth of Massachusetts or any other court of competent jurisdiction. The Arbitrators shall be authorized to award compensatory damages, but shall not be authorized (i) to award non-economic damages, such as for emotional distress, pain and suffering or loss of consortium, (ii) to award punitive damages, or (iii) to reform, modify or materially change this Agreement; provided, however, that the limitations described in the foregoing clauses (i) and (ii) shall not apply if such damages are statutorily imposed.

(c) Costs. Each Party shall bear its own attorney’s fees, costs and disbursements arising out of the arbitration and the costs of the Arbitrator selected by it, and shall pay an equal share of the fees and costs of the third (3rd) Arbitrator; provided, however, that

the Arbitrators shall be authorized to determine whether a Party is the prevailing Party, and if so, to award to that prevailing Party reimbursement for its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), and/or the fees and costs of the Administrator and the Arbitrators.

(d) Injunctive or Other Equity Relief. Nothing contained in this Agreement shall deny any Party the right to seek injunctive or other equitable relief from a court of competent jurisdiction in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any ongoing arbitration proceeding.

Section 7.3. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

ARTICLE VIII

INDEMNIFICATION; LIMITATION ON LIABILITY; INSURANCE

Section 8.1. Indemnification by Cycleron. Subject to Section 8.5, Cycleron shall defend, indemnify and hold harmless Ironwood, its Affiliates and each of their respective directors, officers, employees, agents, licensors, successors and assigns (collectively, the "Ironwood Indemnitees") from any loss, liability or expense incurred in connection with a claim, demand, action, suit or proceeding (a "Claim"), arising from or related to (a) Cycleron's breach of any of its obligations, representations or warranties under this Agreement or (b) the gross negligence, willful misconduct or fraud by Cycleron, its Affiliates, its Representatives or any Permitted Subcontractors; provided, however, that Cycleron shall have no such obligation with respect to any Claim to the extent that such Claim arises from the gross negligence, willful misconduct or fraud by the Ironwood Indemnitees, or the material breach by Ironwood of any of its obligations under this Agreement.

Section 8.2. Indemnification by Ironwood. Subject to Section 8.5, Ironwood shall defend, indemnify and hold harmless Cycleron, its Affiliates and each of their respective directors, officers, employees, agents, licensors, successors and assigns (collectively, the "Cycleron Indemnitees") from any loss, liability or expense incurred in connection with a Claim, arising from or related to (a) Ironwood's breach of any of its obligations, representations or warranties under this Agreement or (b) the gross negligence, willful misconduct or fraud by Ironwood, its Affiliates or its Representatives; provided, however that Ironwood shall have no such obligation with respect to any Claim to the extent that such Claim arises from the gross negligence, willful misconduct or fraud by the Cycleron Indemnitees, or the material breach by Cycleron of any of its obligations under this Agreement.

Section 8.3. Indemnification Procedures. The Party seeking to be indemnified (the "Indemnified Party") shall provide prompt written notice of a Claim or events likely to give rise to a Claim to the Party with the obligation to indemnify (the "Indemnifying Party") (in any event within sufficient time so as not to prejudice the defense of such Claim). The Indemnifying Party shall be given the opportunity at all times to control the defense of the Claim, with the

cooperation and assistance of the Indemnified Party; provided, however, that the Indemnifying Party shall not settle any Claim with an admission of liability or wrongdoing by the Indemnified Party without such Party's prior written consent.

Section 8.4. Sole Remedy. Subject to Section 3.5, indemnification pursuant to this Article VIII represents the Parties' sole and exclusive remedy under this Agreement, provided that, if Cycleron commits an error with respect to, incorrectly performs or fails to perform any Service, at Ironwood's request, without prejudice to any other rights or remedies Ironwood may have, Cycleron shall use commercially reasonable efforts to correct such error, re-perform such Service or perform such Service, as applicable, at no additional cost to Ironwood. To the extent the Cycleron is unable to provide in its entirety a Service because of a delay which excuses performance pursuant to Section 10.5, Cycleron shall allocate such resources or products as are then currently available to it and necessary for the performance of such Service ratably between Cycleron for its own account and Ironwood for the performance of such Services hereunder.

Section 8.5. Limitation on Liability.

(a) The aggregate liabilities of Cycleron under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, shall not exceed the aggregate amount of Internal Costs and OOP Service Expenses paid (and not previously paid back as a liability under this Section 8.5(a)) to Cycleron (or its Affiliates) under this Agreement prior to the date on which Cycleron's (or its applicable Affiliate's or Representative's) action or inaction giving rise to the applicable liability arises or occurs; provided that if such action or inaction occurs during the first year of the Term, the aggregate liabilities of Cycleron and its Affiliates related to such action or inaction will not exceed the aggregate amount of Internal Costs and OOP Service Expenses actually paid and payable (and not previously paid back as a liability hereunder) in the first twelve (12) months of the Term.

(b) Notwithstanding anything to the contrary contained in this Agreement, Cycleron will not be liable to Ironwood or any of its Affiliates, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by Cycleron (including any Affiliates and Permitted Subcontractors, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

(c) The limitations in Section 8.5 shall not apply with respect to any liability arising out of, relating to or in connection with (i) any Third Party claim to the extent paid to a Party pursuant to an indemnification obligation to the other Party for such liability under Section 8.1 or Section 8.2, (ii) any breach of Article VI or (iii) the gross negligence, willful misconduct, or fraud of or by the Party to be charged.

Section 8.6. Insurance. Each Party hereto shall, throughout the term of this Agreement, carry appropriate insurance with a reputable insurance company covering property damage, business interruptions, automobile and general liability insurance (including contractual liability) to protect its own business and property interests; provided that each Party shall be permitted to reasonably self-insure against the liabilities specified in Article VII.

ARTICLE IX

TERM AND TERMINATION

Section 9.1. Term. This Agreement will commence on the Effective Date and continue for, subject to this Article IX, two (2) years (the “Initial Term”). This Agreement will automatically renew for subsequent periods of one (1) year each (each a “Renewal Term,” and together with the Initial Term, the “Term”) unless either Party notifies the other at least six (6) months’ prior to the expiration of the then current Initial Term or Renewal Term, as applicable, of its intent not to renew. Any Service shall commence on its respective effective date and shall terminate upon the completion of such Service and delivery of the Deliverable(s) to be provided for such Service, unless otherwise set forth on the Service Schedule or earlier terminated in accordance with this Article IX. Notwithstanding the foregoing, if any Service has begun prior to this Agreement’s expiration and remains ongoing at what would otherwise be this Agreement’s expiration, then this Agreement shall not expire and shall continue in full force and effect until Cyclerion’s completion of any unperformed obligations under any such Service only.

Section 9.2. Termination by Ironwood. Ironwood may terminate this Agreement or any Service at any time and for any reason upon six (6) months’ prior written notice to Cyclerion.

Section 9.3. Effect of Termination or Expiration. Upon expiration of this Agreement, neither Cyclerion nor Ironwood shall have any further obligations under this Agreement, except that:

(a) Cyclerion shall deliver to Ironwood or, at Ironwood’s option, dispose of, any Materials in its possession or control and all Deliverables developed through termination or expiration;

(b) No later than thirty (30) days after the date of the completed performance of any wind-down instructions from Ironwood, Cyclerion shall provide Ironwood with a final reconciliation containing an itemized accounting of Services performed, expenses incurred and payments received to determine any and all amounts owed to or by each Party. Ironwood will pay Cyclerion all undisputed fees for Services performed and all permitted reimbursable expenses through the expiration date in accordance with the provisions of this Agreement. In addition, Ironwood will reimburse Cyclerion for all reasonable, non-cancellable obligations to Third Parties incurred by Cyclerion in the course of its performance of Services and any reasonable costs incurred in connection with performing Ironwood’s wind-down instructions, in each case in accordance with the provisions of this Agreement. Cyclerion will promptly refund any monies paid in advance by Ironwood for Services not rendered and in excess of any

applicable payments owed by Ironwood under this Agreement. Any net amount owed by either Party will be paid within thirty (30) days following receipt of the itemized accounting;

(c) A Party that has received the other Party's Confidential Information will promptly return to the Disclosing Party or destroy all Confidential Information and all tangible items relating to such Confidential Information, and all copies thereof in the possession or control of the receiving Party, such Party's Affiliates, Representatives or any Permitted Subcontractors, provided to the recipient under this Agreement which has been terminated or has expired; provided, however, that the receiving Party of the other Party's Confidential Information may retain one (1) copy in the separate files of such receiving Party's legal counsel solely for legal compliance purposes and with respect to electronic copies, the Receiving Party shall (i) be obligated to use only commercially reasonable efforts to remove all active copies and (ii) not be obligated to delete archival copies retained in accordance with its normal procedures, or to remove any hidden or partial copies; provided further, however, that notwithstanding anything to contrary herein, all retained Confidential Information shall continue to be subject to the confidentiality and non-use obligations set forth herein. Upon the Disclosing Party's request, an authorized Representative of the receiving Party of the other Party's Confidential Information shall certify to such receiving Party's compliance with this Section 9.3(c).

(d) The terms, conditions and obligations under Article III (Representations, Warranties and Covenants by Cycleron), Article IV (Compensation), Article V (Proprietary Rights), Article VI (Confidentiality), Article VIII (Indemnification; Limitation on Liability; Insurance), Section 9.3 (Effect of Termination or Expiration) and Section 10.11 (Governing Law) will survive any such termination or expiration.

ARTICLE X

MISCELLANEOUS

Section 10.1. Complete Agreement; Construction. This Agreement, including the Appendices, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail.

Section 10.2. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 10.3. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as will be specified in a notice given in accordance with this Section 10.3):

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

To Cycleron:

Cycleron Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: Chief Financial Officer
Phone: 857-327-8778
Fax: 617-890-6595

Section 10.4. Waivers. The delay or failure by either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 10.5. Force Majeure.

(a) Neither Party hereto will be liable for delay in performance (other than the payment of money) of its obligations to the extent caused by events which could not have been foreseen and are beyond the reasonable control of the Party affected (an event of "Force Majeure"), including (i) acts of God, the elements, epidemics, explosions, accidents, landslides, lightning, earthquakes, fires, storms (including tornadoes and hurricanes or tornado and hurricane warnings), sinkholes, floods, or washouts; (ii) labor shortage or trouble including strikes or injunctions (whether or not within the reasonable control of such Party and provided that the settlement of strikes and other labor disputes shall be entirely within the discretion of the Party experiencing the difficulty); (iii) inability to obtain material, equipment or transportation; (iv) national defense requirements, war, blockades, insurrections, sabotage, terrorism, riots, arrests and restraints of the government, either federal or state, civil or military (including any governmental taking by eminent domain or otherwise); or (v) any changes in applicable law, regulation or rule or the enforcement thereof by any governmental or regulatory agency having jurisdiction, that limits or prevents a Party from performing its obligations hereunder or any notice from any such agency of its intention to fine or penalize such Party or otherwise impede or limit such Party's ability to perform its obligations hereunder.

(b) Cycleron shall endeavor to provide to Ironwood uninterrupted Services through the Term. In the event, however, that

(i) Cycleron is wholly or partially prevented from

providing a Service or Services either temporarily or permanently by reason of any Force Majeure event, or (ii) the Cyclerion, in the exercise of its reasonable good faith judgment, deems it necessary to suspend delivery of a Service hereunder for purposes of inspection, maintenance, repair, replacement of equipment parts or structures, or similar activities consistent with past practices, Cyclerion shall not be obligated to deliver the affected part of such Service during such periods, and, in the case of the immediately preceding clause (ii), Cyclerion shall cooperate with Ironwood with respect to the timing of such interruption.

Section 10.6. Assignment. Except as provided herein, neither Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent will be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (a) with respect to Ironwood, (i) to an Affiliate of Ironwood (so long as such Affiliate remains an Affiliate of Ironwood) or (ii) to a bona fide Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of Ironwood or (b) with respect to Cyclerion, to an Affiliate controlled (as defined in Section 1.1(1)) by Cyclerion (so long as such Affiliate remains controlled by Cyclerion), in each case so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of law or pursuant to the agreement governing such transaction; and further provided, however, that any incremental taxes that result from the assignment or are imposed on the non-assigning Party shall be borne by the assigning Party or its assignee.

Section 10.7. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 10.8. Third Party Beneficiaries. Except as provided in Article VIII with respect to persons entitled to claim indemnification hereunder, this Agreement is solely for the benefit of the Parties and will not be deemed to confer upon person other than the Parties any remedy, claim, liability, reimbursement, cause of action or other right beyond any that exist without reference to this Agreement.

Section 10.9. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 10.10. Appendices. The Appendices shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 10.11. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of laws.

Section 10.12. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.13. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," "clause," "Exhibit" and "Schedule" are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "\$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing" include in electronic form; (h) unless the context requires otherwise, references to "Party" shall mean Ironwood or Cyclerion, as appropriate, and references to "Parties" shall mean Ironwood and Cyclerion; (i) provisions shall apply, when appropriate, to successive events and transactions; (j) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (k) Ironwood and Cyclerion have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (l) a reference to any person includes such person's successors and permitted assigns.

Section 10.14. No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 10.15. Independent Contractor Status. Cyclerion will be deemed to be an independent contractor to Ironwood. Nothing contained in this Agreement will create or be deemed to create the relationship of employer and employee between Cyclerion and Ironwood. The relationship created between Cyclerion and Ironwood pursuant to or by this Agreement is not and will not be one of partnership or joint venture. No Party to this Agreement will, by reason hereof, be deemed to be a partner or a joint venture of the other Party hereto in the conduct of their respective businesses or the conduct of the activities contemplated by this Agreement. Except as specifically and explicitly provided in this Agreement, and subject to and in accordance with the provisions hereof, no Party to this Agreement is now, will become, or will be deemed to be an agent or representative of the other Party. Except as herein explicitly and specifically provided, neither Party shall have any authority or authorization, of any nature whatsoever, to speak for or bind the other Party to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert

Name: Halley Gilbert

Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett

Name: William Huyett

Title: President

[Signature Page to Development Agreement]

INTELLECTUAL PROPERTY LICENSE AGREEMENT

by and between

IRONWOOD PHARMACEUTICALS, INC.

and

CYCLERION THERAPEUTICS, INC.

Dated as of April 1, 2019

INTELLECTUAL PROPERTY LICENSE AGREEMENT

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INTELLECTUAL PROPERTY LICENSE AGREEMENT

This INTELLECTUAL PROPERTY LICENSE AGREEMENT (this “Agreement”) is made and effective as of April 1, 2019 (the “Effective Date”) by and between Cycleron Therapeutics, Inc. (“Cycleron”), a Massachusetts corporation, and Ironwood Pharmaceuticals, Inc. (“Ironwood”), a Delaware corporation (each of Cycleron and Ironwood being a “Party,” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, in conjunction with a Separation Agreement (the “Separation Agreement”) between Ironwood and Cycleron of even date hereof (the “Transaction”), Cycleron desires to obtain a license under certain intellectual property and technology of Ironwood for use in connection with the Cycleron Field (as defined below), and Ironwood desires to obtain a license under certain intellectual property and technology of Cycleron for use in the Ironwood Field, and each Party is willing to grant a license to the other on the terms and conditions set forth below; and

NOW THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. General. Any capitalized term not defined herein shall have the meaning ascribed to such term in the Separation Agreement. The following terms, whether used in the singular or the plural, shall have the meanings designated to them under this Article unless otherwise specifically indicated.

- (1) “Agreement” has the meaning set forth in the Preamble.
 - (2) “Controlled” means, with respect to any item of Know-How, that a Party owns or has a license to such item or right and has the ability to grant to the other Party a license or sublicense under such item or right as provided for in this Agreement without violating the terms of any agreement or other arrangement with any Third Party in existence, as applicable.
 - (3) “Cycleron” has the meaning set forth in the Preamble.
 - (4) “Cycleron Field” means the research and development of soluble guanylate cyclase stimulator products in any field.
 - (5) “Cycleron Shared Know-How” means Know-How acquired by Cycleron in the Transaction to the extent related to products in the Ironwood Field.
 - (6) “Effective Date” has the meaning set forth in the Preamble.
 - (7) “Ironwood” has the meaning set forth in the Preamble.
-

(8) “Ironwood Field” means all uses outside the Cycleron Field.

(9) “Ironwood Shared Know-How” means Know-How owned or Controlled by Ironwood as of the Effective Date to the extent related to the Cycleron Field, after giving effect to the transfer to Cycleron of the acquired Assets pursuant to the Separation Agreement.

(10) “Know-How” means trade secrets, and all other confidential or proprietary information, know-how, clinical data, non-clinical data, pre-clinical data, in-vitro data, inventions, processes, formulae and methodologies, excluding Patents.

(11) “Party” or “Parties” has the meaning set forth in the Preamble.

(12) “Patents” means patents and patent applications, design patents and applications, utility models, and any and all related national or international counterparts thereto, including any provisionals, divisionals, continuations, continuations-in-part, reissues, reexaminations, substitutions and extensions thereof (including supplementary protection certificates).

(13) “Term” has the meaning set forth in Section 3.1.

(14) “Third Party” means any Person other than Cycleron, Ironwood and their respective Affiliates.

(15) “Trademarks” means any trademarks, trade dress, service marks, certification marks, logos, slogans, design rights, names, corporate names, trade names, Internet domain names, social media accounts and addresses and other similar designations of source or origin, and any applications or registrations for the foregoing, together with the goodwill symbolized by any of the foregoing.

ARTICLE II

LICENSE RIGHTS AND LIMITATIONS, RESTRICTIONS AND OWNERSHIP

Section 2.1. Non-Exclusive License to Ironwood of Cycleron Shared Know-How. Subject to the terms and conditions of this Agreement, Cycleron hereby grants to Ironwood a perpetual, worldwide, non-exclusive, royalty-free, fully paid-up license in and to the Cycleron Shared Know-How for any use in the Ironwood Field.

Section 2.2. Non-Exclusive License to Cycleron of Ironwood Shared Know-How. Subject to the terms and conditions of this Agreement, Ironwood hereby grants to Cycleron a perpetual, worldwide, non-exclusive, royalty-free, fully paid-up license in and to the Ironwood Shared Know-How for any use in the Cycleron Field.

Section 2.3. Sublicensing. A Party may sublicense some or all of its rights in this Article II to a Third Party, provided that such Party and Third Party enter into a written binding contract wherein such Third Party agrees to abide by the terms and conditions of this Agreement.

Section 2.4. Performance. It is understood and agreed that any Party may cause any of its Subsidiaries to perform any or all of its obligations hereunder, and may designate any of its Subsidiaries to receive any of its entitlements hereunder.

Section 2.5. No Implied Licenses. Neither Party grants (or agrees to grant) to the other Party any right or license in or to use any of its Intellectual Property, Know-How or other proprietary information, materials or technology, or to practice any of its Patents or Trademarks, or trade dress rights, except as expressly set forth in this Agreement.

Section 2.6. Intellectual Property Ownership. Except as expressly set forth herein, as between the Parties, each Party is and shall remain the owner of all Intellectual Property that it owns or controls as of the Effective Date or that it develops or acquires thereafter.

ARTICLE III

TERM AND TERMINATION

Section 3.1. Term. The term of this Agreement shall commence on the Effective Date and continue in full force and effect unless terminated in accordance with Section 3.2 (the "Term").

Section 3.2. Termination.

(a) Mutual Agreement. This Agreement may be terminated in its entirety at any time upon mutual written agreement between the Parties.

(b) Material Breach. Except as provided below, neither Party may terminate this Agreement absent mutual consent to such termination even if the other Party is in material default or breach of this Agreement. A Party's sole remedies in relation to a default or breach shall be to sue for damages or equitable relief or both.

Section 3.3. Consequences of Termination.

(a) Licenses. Upon the termination of this Agreement, all rights and licenses granted hereunder shall immediately terminate.

(b) Technology Transfer. Upon termination of any rights or licenses granted hereunder in accordance with this Article III, such termination shall allow each Party a 60 day transition period to cease all use of such rights and licenses.

(c) Remedies. Termination of this Agreement in accordance with and fulfillment of all obligations set forth in this Article III shall not affect any other rights or remedies that may be available to a Party in law or equity, all remedies being cumulative and not exclusive.

ARTICLE IV

PRESERVATION OF RECORDS; ACCESS TO INFORMATION; CONFIDENTIALITY; PRIVILEGE

Section 4.1. **Confidentiality.** The provisions of Section 7.6 of the Separation Agreement shall apply to disclosures of information made pursuant to this Agreement *mutatis mutandis*.

ARTICLE V

DISPUTE RESOLUTION

Section 5.1. **Negotiation.** A Party seeking resolution of a controversy, dispute or action arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to, this Agreement or the transactions contemplated hereby or thereby, including any action based on contract, tort, statute or constitution (collectively, "**Disputes**") shall provide written notice of such Dispute to the other Party, specifying the terms of such Dispute in reasonable detail ("**Dispute Notice**"). The appropriate executives of the Parties who have authority to settle the Dispute (or such other individuals designated by the respective executives) shall attempt to resolve the Dispute through good faith negotiation for a reasonable period of time; provided that such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed 15 days from the time of receipt by a Party of the Dispute Notice. If the Dispute has not been resolved within 15 days after receipt of the Dispute Notice, the respective Chief Executive Officers or their respective designees (with full settlement authority) of Ironwood and Cycleron shall meet in person (or where necessary, by phone) at a mutually acceptable time and, if applicable, place, and thereafter as often as they reasonably deem necessary, to attempt in good faith to resolve the Dispute. Any contractual time period or deadline under this Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved pursuant to this Article V.

Section 5.2. **Arbitration.** Any Dispute that is not resolved pursuant to Section 5.1 within 30 days after receipt of a Dispute Notice shall be resolved by final and binding arbitration pursuant to the procedures set forth in Section 8.2 of the Separation Agreement.

Section 5.3. **Continuity of Service and Performance.** Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement during the course of a Dispute with respect to all matters not subject to such Dispute.

ARTICLE VI

MISCELLANEOUS

Section 6.1. **Complete Agreement; Construction.** This Agreement, together with the Separation Agreement and the other Ancillary Agreements, shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter.

In the event and to the extent that there shall be a conflict between the provisions of the Separation Agreement and the provisions of this Agreement, this Agreement shall control.

Section 6.2. Transaction Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the other Transaction Agreements.

Section 6.3. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to each of the Parties.

Section 6.4. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.4):

To Ironwood:

Ironwood Pharmaceuticals, Inc.
301 Binney Street
Cambridge, MA 02142
United States
Attn: General Counsel
Phone: 617-621-7722
Fax: 617-588-0623

To Cycleron:

Cycleron Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
Attn: Chief Financial Officer
Phone: 857-327-8778
Fax: 617-890-6595

Section 6.5. Waivers. The delay or failure of either Party to exercise or enforce any of its rights under this Agreement will not constitute, or be deemed to be, a waiver of those rights, nor will any single or partial exercise of any such rights preclude any other or further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement will be effective unless it is in writing and signed by the Party against which it is being enforced.

Section 6.6. Assignment. No Party may assign any rights or delegate any obligations arising under this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed),

and any attempt to so assign any rights or delegate any obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for any such assignment or delegation (i) with respect to Ironwood, to an Affiliate of Ironwood, (ii) with respect to Cycleron, to an Affiliate of Cycleron or (iii) by either Party to a Third Party in connection with a merger, reorganization, consolidation or the sale of all or substantially all the assets of such Party so long as the resulting, surviving or transferee entity assumes all the obligations of the assigning Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the non-assigning Party; provided, however, that in the case of each of the preceding clauses (i) and (ii), no assignment permitted by this Section 6.6 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 6.7. Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors (whether by merger, acquisition of assets or otherwise) and permitted assigns.

Section 6.8. Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and shall not be deemed to confer upon any Person other than the Parties any remedy, claim, liability, reimbursement, cause of Action or other right beyond any that exist without reference to this Agreement.

Section 6.9. Titles and Headings. Titles and headings to Sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 6.10. Governing Law. This Agreement will be governed by, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts, U.S.A., without reference to principles of conflicts of laws.

Section 6.11. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.12. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms "Section," "paragraph," "clause," "Exhibit" and "Schedule" are references to the Sections, paragraphs, clauses, Exhibits and Schedules of this Agreement unless otherwise specified; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (d) references to "\$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) references to "written" or "in writing"

include in electronic form; (h) provisions shall apply, when appropriate, to successive events and transactions; (i) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (j) Ironwood and Cyclerion have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (k) a reference to any Person includes such Person's successors and permitted assigns.

Section 6.13. No Duplication; No Double Recovery. Nothing in this Agreement, the Separation Agreement or any other Ancillary Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

Section 6.14. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective duly authorized officers.

IRONWOOD PHARMACEUTICALS, INC.

By: /s/ Halley Gilbert
Name: Halley Gilbert
Title: Senior Vice President

CYCLERION THERAPEUTICS, INC.

By: /s/ William Huyett
Name: William Huyett
Title: President

[Signature Page to Intellectual Property License Agreement]



301 Binney Street
Cambridge, MA 02142

(857) 327-8778
info@cyclerion.com
cyclerion.com

3/11/19

Peter Hecht
17 Duffield Road
Newton, MA 02466

Re: Offer of Transfer to Cyclerion

Dear Peter:

On behalf of all my colleagues at Cyclerion, I am pleased to provide you with the terms and conditions of your anticipated employment by Cyclerion Therapeutics, Inc., a Massachusetts corporation (the "Company"). As you are aware, the Company intends to separate from Ironwood Pharmaceuticals, Inc. This offer is contingent on the completion of the separation. This offer, if accepted, sets forth the terms of your employment with the Company after the separation. If you accept this offer, it will take effect upon the separation.

1. Position. Your position will be that of CEO, reporting to the Board of Directors. In addition to performing duties and responsibilities associated with such position, from time to time the Company may assign you other duties and responsibilities. As a full-time employee of the Company, you will be expected to devote your full business time and energies to the business and affairs of the Company.
 2. Starting Date/Nature of Relationship. It is expected that your employment will start on the separation, anticipated to be 4/1/2019. No provision of this offer letter shall be construed to create an express or implied employment contract for a specific period of time. Either you or the Company may terminate the employment relationship at any time and for any reason.
 3. Compensation.
 - (a) Your initial base salary for this exempt position will be paid bi-weekly, equal to \$100,000 per year.
 - (b) You will be eligible for a target bonus of 50% of your base salary, based on achievement of mutually acceptable goals developed by you and your manager, and the Company's achievement of its corporate goals. These goals, and the terms of the target bonus, will be communicated to you at a later date.
-

4. Benefits.

- (a) The benefits in which you are enrolled at Ironwood will transfer with you to Cyclerion. The Company retains the right to change, add or cease any particular benefit. Current benefits include: medical, dental, and vision insurance, disability and life insurance, 401k plan, flexible spending plan, paid time off, and holidays. Details about your Cyclerion benefits, including the impact of payments made toward Ironwood deductibles and out-of-pocket maximums, if applicable, will be provided under separate cover.
- (b) As an employee of the Company, you will be entitled to unlimited paid time off (PTO), to be taken pursuant to the Company's PTO policy. By accepting this offer of employment, you agree that your Ironwood accrued vacation balance will be transferred and credited to your employee record at the Company and will be paid out to you upon termination of your employment with the Company.
- (c) Your original hire date at Ironwood Pharmaceuticals, Inc. of 12/1/1998 will be incorporated into your Cyclerion record as your service date.

5. Confidentiality. The Company considers the protection of its confidential information and proprietary materials to be very important. Therefore, as a condition of your employment, you and the Company will become parties to an agreement regarding non-competition, non-solicitation and ownership of intellectual property (as applicable), which has been provided to you herewith.

6. General.

- a) The agreement between you and Cyclerion regarding your use and non-disclosure of Cyclerion confidential information, and regarding non-competition, non-solicitation and ownership of intellectual property (as applicable) will constitute our entire agreement as to the terms of your employment by the Company and will supersede any prior agreements or understanding, whether in the writing or oral.
- b) As required by law, this offer is subject to satisfactory proof of right to work in the United States.
- c) This letter shall be governed by the laws of the Commonwealth of Massachusetts, without application of its principles of conflict laws.

In addition, by accepting this offer, you represent and warrant to the Company that from and after your start date of employment, you will not be subject to any noncompetition or other agreement prohibiting you from performing services for the Company to the full extent contemplated by this letter. In addition, should you become legally prohibited from performing services for the Company to the full extent contemplated by this letter, or should the Company reasonably believe that you are legally prohibited from performing services to the full extent

contemplated by this letter, the Company shall have the right to rescind your offer and/or immediately terminate your employment.

This offer of transition will expire on 3/28/2019 unless accepted by you prior to such date.

We are very excited to build Cyclorion into a great entrepreneurial biopharmaceutical company with you!

[Remainder intentional left blank]

Sincerely,

CYCLERION THERAPEUTICS, INC.

/s/ Marsha Fanucci

Marsha Fanucci

Audit Committee Chair

ACCEPTED this first day of April, 2019:

/s/ Peter Hecht

Peter Hecht



301 Binney Street
Cambridge, MA 02142

☎ (857) 327-8778
✉ info@cyclerion.com
🌐 cyclerion.com

3/11/19

Mark Currie
197 8th Street PH 21
Charlestown, MA 02129

Re: Offer of Transfer to Cyclerion

Dear Mark:

On behalf of all my colleagues at Cyclerion, I am pleased to provide you with the terms and conditions of your anticipated employment by Cyclerion Therapeutics, Inc., a Massachusetts corporation (the "Company"). As you are aware, the Company intends to separate from Ironwood Pharmaceuticals, Inc. This offer is contingent on the completion of the separation. This offer, if accepted, sets forth the terms of your employment with the Company after the separation. If you accept this offer, it will take effect upon the separation.

1. Position. Your position will be that of President, reporting to Peter Hecht. In addition to performing duties and responsibilities associated with such position, from time to time the Company may assign you other duties and responsibilities. As a full-time employee of the Company, you will be expected to devote your full business time and energies to the business and affairs of the Company.
 2. Starting Date/Nature of Relationship. It is expected that your employment will start on the separation, anticipated to be 4/1/2019. No provision of this offer letter shall be construed to create an express or implied employment contract for a specific period of time. Either you or the Company may terminate the employment relationship at any time and for any reason.
 3. Compensation.
 - (a) Your initial base salary for this exempt position will be paid bi-weekly, equal to \$500,000 per year.
 - (b) You will be eligible for a target bonus of 50% of your base salary, based on achievement of mutually acceptable goals developed by you and your manager, and the Company's achievement of its corporate goals. These goals, and the terms of the target bonus, will be communicated to you at a later date.
-

4. Benefits.

- (a) The benefits in which you are enrolled at Ironwood will transfer with you to Cyclerion. The Company retains the right to change, add or cease any particular benefit. Current benefits include: medical, dental, and vision insurance, disability and life insurance, 401k plan, flexible spending plan, paid time off, and holidays. Details about your Cyclerion benefits, including the impact of payments made toward Ironwood deductibles and out-of-pocket maximums, if applicable, will be provided under separate cover.
- (b) As an employee of the Company, you will be entitled to unlimited paid time off (PTO), to be taken pursuant to the Company's PTO policy. By accepting this offer of employment, you agree that your Ironwood accrued vacation balance will be transferred and credited to your employee record at the Company and will be paid out to you upon termination of your employment with the Company.
- (c) Your original hire date at Ironwood Pharmaceuticals, Inc. of 8/22/2002 will be incorporated into your Cyclerion record as your service date.

5. Confidentiality. The Company considers the protection of its confidential information and proprietary materials to be very important. Therefore, as a condition of your employment, you and the Company will become parties to an agreement regarding non-competition, non-solicitation and ownership of intellectual property (as applicable), which has been provided to you herewith.

6. General.

- a) The agreement between you and Cyclerion regarding your use and non-disclosure of Cyclerion confidential information, and regarding non-competition, non-solicitation and ownership of intellectual property (as applicable) will constitute our entire agreement as to the terms of your employment by the Company and will supersede any prior agreements or understanding, whether in the writing or oral.
- b) As required by law, this offer is subject to satisfactory proof of right to work in the United States.
- c) This letter shall be governed by the laws of the Commonwealth of Massachusetts, without application of its principles of conflict laws.

In addition, by accepting this offer, you represent and warrant to the Company that from and after your start date of employment, you will not be subject to any noncompetition or other agreement prohibiting you from performing services for the Company to the full extent contemplated by this letter. In addition, should you become legally prohibited from performing services for the Company to the full extent contemplated by this letter, or should the Company reasonably believe that you are legally prohibited from performing services to the full extent

contemplated by this letter, the Company shall have the right to rescind your offer and/or immediately terminate your employment.

This offer of transition will expire on 3/28/2019 unless accepted by you prior to such date.

We are very excited to build Cyclorion into a great entrepreneurial biopharmaceutical company with you!

[Remainder intentional left blank]

Sincerely,

CYCLERION THERAPEUTICS, INC.

/s/ Marsha Fanucci

Marsha Fanucci

Audit Committee Chair

ACCEPTED this first day of April, 2019:

/s/ Mark Currie

Mark Currie



301 Binney Street
Cambridge, MA 02142

☎ (857) 327-8778
✉ info@cyclerion.com
🌐 cyclerion.com

3/11/19

William Huyett
1123 Monument Street
Concord, MA 01742

Re: Offer of Transfer to Cyclerion

Dear Bill:

On behalf of all my colleagues at Cyclerion, I am pleased to provide you with the terms and conditions of your anticipated employment by Cyclerion Therapeutics, Inc., a Massachusetts corporation (the "Company"). As you are aware, the Company intends to separate from Ironwood Pharmaceuticals, Inc. This offer is contingent on the completion of the separation. This offer, if accepted, sets forth the terms of your employment with the Company after the separation. If you accept this offer, it will take effect upon the separation.

1. Position. Your position will be that of CFO and Head of Operations, reporting to Peter Hecht. In addition to performing duties and responsibilities associated with such position, from time to time the Company may assign you other duties and responsibilities. As a full-time employee of the Company, you will be expected to devote your full business time and energies to the business and affairs of the Company.
 2. Starting Date/Nature of Relationship. It is expected that your employment will start on the separation, anticipated to be 4/1/2019. No provision of this offer letter shall be construed to create an express or implied employment contract for a specific period of time. Either you or the Company may terminate the employment relationship at any time and for any reason.
 3. Compensation.
 - (a) Your initial base salary for this exempt position will be paid bi-weekly, equal to \$485,000 per year.
 - (b) You will be eligible for a target bonus of 50% of your base salary, based on achievement of mutually acceptable goals developed by you and your manager, and the Company's achievement of its corporate goals. These goals, and the terms of the target bonus, will be communicated to you at a later date.
-

4. Benefits.

- (a) The benefits in which you are enrolled at Ironwood will transfer with you to Cyclerion. The Company retains the right to change, add or cease any particular benefit. Current benefits include: medical, dental, and vision insurance, disability and life insurance, 401k plan, flexible spending plan, paid time off, and holidays. Details about your Cyclerion benefits, including the impact of payments made toward Ironwood deductibles and out-of-pocket maximums, if applicable, will be provided under separate cover.
- (b) As an employee of the Company, you will be entitled to unlimited paid time off (PTO), to be taken pursuant to the Company's PTO policy. By accepting this offer of employment, you agree that your Ironwood accrued vacation balance will be transferred and credited to your employee record at the Company and will be paid out to you upon termination of your employment with the Company.
- (c) Your original hire date at Ironwood Pharmaceuticals, Inc. of 12/15/2017 will be incorporated into your Cyclerion record as your service date.

5. Confidentiality. The Company considers the protection of its confidential information and proprietary materials to be very important. Therefore, as a condition of your employment, you and the Company will become parties to an agreement regarding non-competition, non-solicitation and ownership of intellectual property (as applicable), which has been provided to you herewith.

6. General.

- a) The agreement between you and Cyclerion regarding your use and non-disclosure of Cyclerion confidential information, and regarding non-competition, non-solicitation and ownership of intellectual property (as applicable) will constitute our entire agreement as to the terms of your employment by the Company and will supersede any prior agreements or understanding, whether in the writing or oral.
- b) As required by law, this offer is subject to satisfactory proof of right to work in the United States.
- c) This letter shall be governed by the laws of the Commonwealth of Massachusetts, without application of its principles of conflict laws.

In addition, by accepting this offer, you represent and warrant to the Company that from and after your start date of employment, you will not be subject to any noncompetition or other agreement prohibiting you from performing services for the Company to the full extent contemplated by this letter. In addition, should you become legally prohibited from performing services for the Company to the full extent contemplated by this letter, or should the Company reasonably believe that you are legally prohibited from performing services to the full extent

contemplated by this letter, the Company shall have the right to rescind your offer and/or immediately terminate your employment.

This offer of transition will expire on 3/28/2019 unless accepted by you prior to such date.

We are very excited to build Cyclorion into a great entrepreneurial biopharmaceutical company with you!

[Remainder intentional left blank]

Sincerely,

CYCLERION THERAPEUTICS, INC.

/s/ Marsha Fanucci

Marsha Fanucci

Audit Committee Chair

ACCEPTED this first day of April, 2019:

/s/ William Huyett

William Huyett

LEASE

by and between

BMR-ROGERS STREET LLC,
a Delaware limited liability company

and

CYCLERION THERAPEUTICS, INC.
a Massachusetts corporation

APPROVED
BIOMED REALTY LEGAL





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LEASE

THIS LEASE (this "Lease") is entered into as of this 1st day of April, 2019 (the "Execution Date"), by and between BMR-ROGERS STREET LLC, a Delaware limited liability company ("Landlord"), and CYCLERION THERAPEUTICS, INC., a Massachusetts corporation ("Tenant").

RECITALS

A. WHEREAS, pursuant to that certain ground lease dated as of March 30, 1999, by and among MBA-Rogers Street, LLC ("Ground Lessor," as successor-in-interest to O&T Realty, LLC, and MBA-Cambridge, LLC (collectively, "Initial Ground Lessor")), as landlord, and Rogers Street, LLC, a Delaware limited liability company ("Initial Ground Lessee"), as tenant; as such ground lease has been amended by that certain letter agreement dated as of July 29, 1999, between Initial Ground Lessor and Initial Ground Lessee, and that certain Agreement Regarding Arbitration and Lease Amendments dated as of December 15, 1999, by and between Initial Ground Lessor and Initial Ground Lessee; and as such ground lease has been assigned pursuant to that certain Assignment and Assumption of Ground Lease dated as of April 4, 2007, by and between Initial Ground Lessee and Landlord (such ground lease, as so amended and assigned, and as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, the "Ground Lease"), Landlord leases certain real property described on Exhibit A-1 attached hereto (the "Property") and the improvements located thereon, including the buildings at 301 Binney Street (the "Building"), 320 Bent Street and 157 Sixth Street in Cambridge, Massachusetts; and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, certain premises (the "Premises") located on the first (1st) and second (2nd) floors of the Building, pursuant to the terms and conditions of this Lease, as detailed below.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises.

1.1. Effective on the Term Commencement Date (as defined below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as shown on Exhibit A attached hereto, including exclusive shafts, cable runs, mechanical spaces and rooftop areas, for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities, private drives and other improvements and appurtenances related thereto, including the Building and other buildings located on the Property are hereinafter collectively referred to as the "Project." All portions of the Building that are for the non-exclusive use of the tenants of the Building only, and not the tenants of the Project generally, such as service corridors, stairways, elevators, public restrooms and public lobbies (all to the extent located in the Building), are hereinafter referred to as "Building Common Area." All portions of the Project that are for the non-exclusive use of tenants of the Project generally,

including driveways, sidewalks, parking areas, landscaped areas are hereinafter referred to as "Project Common Area." The Building Common Area and Project Common Area are collectively referred to herein as "Common Area."

1.2 Intentionally Deleted.

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the Execution Date, and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in square feet. Rentable Area and "Tenant's Pro Rata Share" are both subject to adjustment as provided in this Lease.

| Definition or Provision | Means the Following (as of the Execution Date) |
|---------------------------------------|--|
| Approximate Rentable Area of Premises | 114,454 square feet |
| Approximate Rentable Area of Building | 417,290 square feet |
| Tenant's Pro Rata Share of Building | 27.43% |

2.3. Monthly and annual installments of Base Rent for the Premises ("Base Rent") as of the Rent Commencement Date (as defined below), subject to adjustment under this Lease:

| Dates | Square Feet of Rentable Area | Base Rent per Square Foot of Rentable Area | Monthly Base Rent | Annual Base Rent |
|---|------------------------------|--|-------------------|------------------|
| Rent Commencement Date — the day immediately prior to the first (1 st) annual anniversary of the Term Commencement Date | 114,454 square feet | \$90.00 annually | \$ 858,405.00 | \$ 10,300,860.00 |

2.4. Security Deposit: \$7,725,640.00 subject to adjustment in accordance with the terms hereof.

2.5. Permitted Use: General office and laboratory use in conformity with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities (as defined below), committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises, the Building, the Property, the Project, Landlord or Tenant, including both statutory and common law and hazardous waste rules and regulations (“Applicable Laws”).

2.6. Address for Rent Payment:

BMR-Rogers Street LLC
Attention Entity 635
P.O. Box 511415
Los Angeles, California 90051-7970

2.7. Address for Notices to Landlord:

BMR-Rogers Street LLC
17190 Bernardo Center Drive
San Diego, California 92128
Attn: Legal Department

2.8. Address for Notices to Tenant:

Before and after the Term Commencement Date:

Cyclerion Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
Attention: William Huyett

2.9. Address for Invoices to Tenant:

Before and after the Term Commencement Date:

Cyclerion Therapeutics, Inc.
301 Binney Street
Cambridge, MA 02142
Attention: William Huyett

2.10. The following Exhibits are attached hereto and incorporated herein by reference:

| | |
|-------------|----------|
| Exhibit A | Premises |
| Exhibit A-1 | Property |

| | |
|-------------|--|
| Exhibit B | Work Letter |
| Exhibit B-1 | Tenant Work Insurance Schedule |
| Exhibit C | Acknowledgement of Term Commencement Date and Term Expiration Date |
| Exhibit D | Form of Letter of Credit Exhibit E Rules and Regulations |
| Exhibit F | PTDM |
| Exhibit G | Tenant's Personal Property |
| Exhibit H | Form of Estoppel Certificate |
| Exhibit I | Form of Ground Lease Non-Disturbance and Attornment Agreement |
| Exhibit J | Form of Notice of Lease |

3. Term. The actual term of this Lease (as the same may be extended pursuant to Article 42 hereof, and as the same may be earlier terminated in accordance with this Lease, the "Term" shall commence on the actual Term Commencement Date (as defined in Article 4) and end on the date (the "Term Expiration Date") that is the last day of the one hundred twenty-third (123rd) complete calendar month after the actual Term Commencement Date, subject to extension or earlier termination of this Lease as provided herein.

4. Possession and Commencement Date.

4.1. The "Term Commencement Date" shall be April 1, 2019. Tenant shall execute and deliver to Landlord written acknowledgment of the actual Term Commencement Date and the Term Expiration Date within ten (10) days after Tenant takes occupancy of the Premises, in the form attached as Exhibit C hereto. Failure to execute and deliver such acknowledgment, however, shall not affect the Term Commencement Date or Landlord's or Tenant's liability hereunder. Failure by Tenant to obtain validation by any medical review board or other similar governmental licensing of the Premises required for the Permitted Use by Tenant shall not serve to extend the Term Commencement Date.

4.2. Tenant shall cause the work described in the Work Letter attached hereto as Exhibit B (the "Tenant Improvements") to be constructed in the Premises at a cost to Landlord not to exceed Two Million Two Hundred Eighty Nine Thousand Eighty and 00/100 Dollars (\$2,289,080.00) (based upon Twenty Dollars (\$20.00) per square foot of Rentable Area (as defined below)) (the "TI Allowance"). The TI Allowance may be applied to the costs of (m) construction, (n) Landlord's actual out-of-pocket expenses incurred in connection with Landlord's project review of the Tenant Improvements, (o) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (p) building permits and other taxes, fees, charges and levies by Governmental Authorities (as defined below) for permits or for inspections of the Tenant Improvements, and (q) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (v) the cost of work that is not authorized by the Approved Plans (as defined in the Work Letter) or otherwise approved in writing by Landlord, (w) payments to Tenant or any affiliates of Tenant, provided that Ironwood Pharmaceuticals, Inc.

shall not be considered an affiliate of Tenant, (x) the purchase of any furniture, personal property or other non-building system equipment, (y) costs arising from any default by Tenant of its obligations under this Lease or (z) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors). In addition, Landlord shall provide an allowance to Tenant to be used solely for architectural and engineering costs related to the Tenant Improvements in an amount not to exceed Thirteen Thousand Seven Hundred Thirty Four and 48/100 Dollars (\$13,734.48) (based upon Twelve Cents (\$0.12) per square foot of Rentable Area) (the "A/E Allowance"). Notwithstanding the foregoing, or anything to the contrary contained herein, Landlord acknowledges that, (i) prior to the Execution Date it has approved the schematics covering the Tenant Improvements that are set forth on Schedule 4.2 hereof, (ii) such plans shall be considered Approved Schematic Plans (as such term is defined in the Work Letter attached hereto as Exhibit B) for all purposes under this Lease, and (iii) as of the Commencement Date, certain Alterations to the Premises have been commenced and/or completed by the prior tenant for the benefit of Tenant, and nothing in this Section shall be deemed to prohibit Tenant from reimbursing such prior tenant for the costs of any such Alterations (excepting any and all costs attributable to such prior tenant's removal and infilling of the interior stairs within the Premises, which costs may not be reimbursed from the TI Allowance in any event); provided that Landlord is in receipt of the general contractor's and each subcontractor's and material supplier's final unconditional waivers and releases of liens, each in a form acceptable to Landlord, in connection with such Alterations.

4.3. Tenant shall have until nine (9) months after the Rent Commencement Date (the "TI Deadline"), to submit Fund Requests (as defined in the Work Letter) to Landlord for disbursement of the unused portion of the TI Allowance and A/E Allowance, after which date Landlord's obligation to fund any such costs for which Tenant has not submitted a Fund Request to Landlord shall expire.

4.4. To the extent that the total projected cost of the Tenant Improvements (as projected by Landlord) exceeds the TI Allowance (such excess, the "Excess TI Costs"), Tenant shall pay the costs of the Tenant Improvements on a pari passu basis with Landlord as such costs are paid, in the proportion of Excess TI Costs payable by Tenant to the TI Allowance payable by Landlord. If the cost of the Tenant Improvements (as projected by Landlord) increases over Landlord's initial projection, then Landlord may notify Tenant and Tenant shall deposit any additional Excess TI Costs with Landlord in the same way that Tenant deposited the initial Excess TI Costs. In no event shall any unused TI Allowance entitle Tenant to a credit against Rent payable under this Lease. Tenant shall deliver to Landlord (a) a certificate of occupancy (or its substantial equivalent) for the Premises suitable for the Permitted Use and (b) a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor.

4.5. Prior to entering upon the Premises, Tenant shall furnish to Landlord evidence satisfactory to Landlord that insurance coverages required of Tenant under the provisions of Article 23 are in effect, and such entry shall be subject to all the terms and conditions of this Lease other than the payment of Base Rent.

4.6. Landlord and Tenant shall mutually agree upon the selection of the architect, engineer, general contractor and major subcontractors, and Landlord and Tenant shall each participate in the review of the competitive bid process. Landlord may refuse to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony or may not have sufficient experience, in Landlord's reasonable opinion, to perform work in an occupied Class "A" laboratory research building and in tenant-occupied lab areas. Notwithstanding the foregoing, the parties hereby acknowledge that the persons listed on Schedule 4.6 have been pre-approved by Landlord prior to the Execution Date hereof.

5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it will be fully familiar with the condition of the Premises and may have been occupying the Premises prior to the Term Commencement Date pursuant to an arrangement with the prior tenant, Ironwood Pharmaceuticals, Inc., and agrees to take the same in its condition "as is" as of the Execution Date, and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's occupancy or to pay for or construct any improvements to the Premises, except with respect to payment of the TI Allowance and A/E Allowance. Tenant's taking of possession of the Premises shall conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair.

6. Rentable Area.

6.1. The term "Rentable Area" shall reflect such areas as reasonably calculated by Landlord's architect in a manner consistent with Landlord's determination of Rentable Area for the remainder of the Building and Project, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord's architect to reflect changes to the Premises, the Building or the Project, as applicable.

6.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items' enclosing walls.

6.3. The term "Rentable Area," when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

7. Rent.

7.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the first day of the fourth (4th) month of the Term (the “Rent Commencement Date”), the sums set forth in Section 2.3, subject to the rental adjustments provided in Article 8 hereof. Base Rent shall be paid in equal monthly installments as set forth in Section 2.3, subject to the rental adjustments provided in Article 8 hereof, each in advance on the first day of each and every calendar month during the Term.

7.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent (“Additional Rent”) at times hereinafter specified in this Lease (a) Tenant’s Adjusted Share (as defined below) of Operating Expenses (as defined below), (b) the Property Management Fee (as defined below), and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant’s part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods.

7.3. Base Rent and Additional Rent shall together be denominated “Rent.” Rent shall be paid to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2.6 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

7.4. Except as otherwise expressly provided herein, Tenant’s obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant’s use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or, to assert any defense in the nature of constructive eviction (other than a mandatory counterclaim required in order for Tenant to enforce in good faith its rights under this Lease) to any action seeking to recover rent. Tenant’s obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant’s obligations with respect to any other period.

8. Rent Adjustments; Free Rent Period.

8.1 Base Rent shall be subject to an annual upward adjustment of three percent (3%) of the then-current Base Rent. The first such adjustment shall become effective commencing on the first (1st) annual anniversary of the Term Commencement Date, and subsequent adjustments shall become effective on every successive annual anniversary for so long as this Lease continues in effect.

8.2 Notwithstanding anything to the contrary contained in this Lease, and so long as no Default (as defined below) by Tenant has occurred, Tenant shall not be required to pay Base Rent for the first (1st) three (3) months of the Term (such period, the “Free Rent Period”). During the Free Rent Period, Tenant shall continue to be responsible for the payment of all of Tenant’s other Rent obligations under this Lease, including all Additional Rent (other than the Property Management Fee), such as Operating Expenses and costs of utilities for the Premises. Upon the occurrence of any Default, the Free Rent Period shall immediately expire, and Tenant shall no longer be entitled to any further abatement of Base Rent pursuant to this Section. In the event of any Default that results in termination of this Lease, then, as part of the recovery to which Landlord is entitled pursuant to this Lease, and in addition to any other rights or remedies to which Landlord may be entitled pursuant to this Lease (including Article 31), at law or in equity, Landlord shall be entitled to the immediate recovery, as of the day immediately prior to such termination of the Lease, of the unamortized amount of Base Rent that Tenant would have paid had the Free Rent Period not been in effect.

9. Operating Expenses.

9.1. As used herein, the term “Operating Expenses” shall include:

(a) Government impositions, including property tax costs consisting of real and personal property taxes (including amounts due under any future improvement bond upon the Building or the Project (including the parcel or parcels of real property upon which the Building, the other buildings in the Project and areas serving the Building and the Project are located)) or assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a “Governmental Authority”); taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or arising from Applicable Laws or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; any fee for a business license to operate an office building; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a result of an application for review thereof; and

(b) All other actual costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project, which shall include costs of repairs and replacements (provided, however, capital replacements shall only be included in Operating Expenses as provided below in this Section) to improvements within the Project as appropriate to maintain the Project as required hereunder; costs of utilities furnished to the Common Area; sewer fees; cable television; trash collection; cleaning, including windows; heating, ventilation and air-conditioning (“HVAC”); maintenance of landscaping and grounds; snow removal; maintenance of drives; maintenance of the roof; security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales, use and excise taxes on

goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Building or Project systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the operation of the Project; costs of furniture, draperies, carpeting, landscaping supplies, and other customary and ordinary items of personal property provided by Landlord for use in Common Area or in the Project office; Project office rent or rental value for a commercially reasonable amount of space for Project management personnel, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office; capital expenditures incurred (i) in replacing obsolete equipment, (ii) for the primary purpose of reducing Operating Expenses, or (iii) required by any Governmental Authority to comply with changes in Applicable Laws that take effect after the Execution Date or to ensure continued compliance with Applicable Laws in effect as of the Execution Date, in each case amortized over the useful life thereof, as reasonably determined by Landlord, in accordance with generally accepted accounting principles, but in no event longer than ten (10) years; costs of complying with Applicable Laws (except to the extent such costs are incurred to remedy non-compliance as of the Execution Date with Applicable Laws); costs to keep the Project in compliance with, or costs or fees otherwise required under or incurred pursuant to any CC&Rs or Property Operations Documents (as such term is defined below), including condominium fees; insurance premiums, including premiums for commercial general liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies; service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons below executive officers who perform regular and recurring duties connected with the day-to-day operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives, including janitors, floor waxers, window washers, watchmen, gardeners, sweepers, plow truck drivers, handymen, and engineering/maintenance/facilities personnel.

(c) Notwithstanding the foregoing, Operating Expenses shall not include any state, federal or local net income, franchise, capital stock, estate or inheritance taxes, or taxes that are the personal obligation of Tenant or of another tenant of the Project; any leasing commissions; expenses (including leasehold improvements, redecoration, renovation work, or advertising and promotional expenditures) incurred in connection with Landlord's efforts to lease space in the Building; expenses of initial development and construction of the Project, including grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); capital expenditures other than those expressly described and amortized as provided in Section 9.1(b); legal expenses incurred in connection with (i) negotiations or disputes with tenants of the Property or other occupants or prospective tenants or other occupants, (ii) the enforcement of any leases, or (iii) the defense of Landlord's title to, or interest in, the Building or any part thereof; costs of repairs to the extent reimbursed by (e) payment of insurance proceeds, (f) warranties, (g) guarantees or (h) any other third parties, received by Landlord; the cost of correcting defects in the design, construction, equipment of or latent defects in the Building or the Project, but only to the extent such costs are covered by and actually reimbursed to Landlord under any applicable warranty or service contract held by

Landlord; interest upon loans to Landlord or secured by a loan agreement, mortgage, deed of trust, security instrument or other loan document covering the Project or a portion thereof (collectively, "Loan Documents") (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 9.1(a)); rent on ground leases or other underlying leases; reserve funds; costs or expenses incurred in connection with the financing or sale of the Project or any portion thereof; costs incurred directly and solely as a result of Landlord's gross negligence or willful misconduct; costs of mitigation or impact fees or subsidies, imposed or incurred prior to the date of the Lease or imposed solely as a result of another tenant's use of the Building or its premises; salaries of executive officers of Landlord; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements that are provided for in Subsection 9.1(b)); the cost of cleaning or janitorial services provided for space leased or intended to be leased to other tenants in the Building; the cost of any work or service performed for any tenant in the Building (other than Tenant) to a materially greater extent or in a materially more favorable manner than that furnished generally to other tenants (including Tenant) in the Building; the cost of any work or services performed for any facility other than the Building or Project, subject to the provisions of Section 9.3; the general corporate overhead costs and expenses of the Landlord entity (except to the extent of the Property Management Fee (as defined below)); any costs (other than the Property Management Fee) representing an amount paid to an entity related to Landlord that is materially in excess of the amount that would have been paid absent such relationship; costs, liabilities and expenses incurred in connection with the removal, enclosure, encapsulation or other handling of and the cost of defending against claims in regard to Hazardous Materials (x) in existence at the Building or the Project prior to the Term Commencement Date, (y) due to the gross negligence or willful misconduct of Landlord, or (z) for which the person or entity that is responsible for causing such Hazardous Materials to be on the Project is identified by Landlord; charitable or political contributions; cost of acquiring and maintaining sculptures, paintings and other works of art, to the extent such items are materially more expensive than typical office décor in buildings similar to the Building; late fees or charges incurred by Landlord due to late payment of expenses, except to the extent attributable to Tenant's or any Tenant Party's actions or inactions; charges for electricity, water or other utilities, services or goods and applicable taxes for which Tenant or any other tenant, occupant, person or other party reimburses Landlord or pays to third parties (except as part of Operating Expenses); costs expressly excluded from Operating Expenses elsewhere in this Lease or that are charged to or paid by Tenant under other provisions of this Lease; professional fees and disbursements and other costs and expenses related to the ownership (as opposed to the use, occupancy, operation, maintenance or repair) of the Project; expenses related to the on-site parking garage serving the Building and the Project; and any item that, if included in Operating Expenses, would involve a double collection for such item by Landlord. To the extent that Tenant uses more than Tenant's Pro Rata Share of any item of Operating Expenses, Tenant shall pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses (such excess, together with Tenant's Pro Rata Share, "Tenant's Adjusted Share").

9.2. Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below), and (b) Landlord's

estimate of Tenant's Adjusted Share of Operating Expenses with respect to the Building and the Project, as applicable, for such month.

(x) The "Property Management Fee" shall equal three percent (3%) of Base Rent due from Tenant. Tenant shall pay the Property Management Fee in accordance with Section 9.2 with respect to the entire Term, including any Free Rent Period, extensions of the Term, or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent, Operating Expenses or any other Rent with respect to any such period or portion thereof.

(y) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses, Tenant's Adjusted Share of Operating Expenses, and the cost of providing utilities to the Premises for the previous calendar year ("Landlord's Statement"). Any additional sum due from Tenant to Landlord shall be due and payable within thirty (30) days after receipt of an invoice therefor. If the amounts paid by Tenant pursuant to this Section exceed Tenant's Adjusted Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany Landlord's Statement with payment for the amount of such difference.

(z) Any amount due under this Section for any period that is less than a full month shall be prorated for such fractional month on the basis of the number of days in the month.

9.3. Landlord may, from time to time, modify Landlord's calculation and allocation procedures for Operating Expenses, so long as such modifications produce Dollar results substantially consistent with Landlord's then-current practice at the Project. Landlord or an affiliate(s) of Landlord currently own other property(ies) adjacent to the Project or its neighboring properties (collectively, "Neighboring Properties"). In connection with Landlord performing services for the Project pursuant to this Lease, similar services may be performed by the same vendor(s) for Neighboring Properties. In such a case, Landlord shall reasonably allocate to each Building (and the Project) the costs for such services based upon the ratio that the square footage of the Building or the Project (as applicable) bears to the total square footage of all of the Neighboring Properties or buildings within the Neighboring Properties for which the services are performed, unless the scope of the services performed for any building or property (including the Building and the Project) is disproportionately more or less than for others, in which case Landlord shall equitably allocate the costs based on the scope of the services being performed for each building or property (including the Building and the Project). Since the Project consists of multiple buildings, certain Operating Expenses may pertain to a particular building(s) and other Operating Expenses to the Project as a whole. Landlord reserves the right in its sole discretion to allocate any such costs applicable to any particular building within the Project to such building, and other such costs applicable to the Project to each building in the Project (including the Building), with the tenants in each building being responsible for paying their respective proportionate shares of their buildings to the extent required under their leases. Landlord shall allocate such costs to the buildings (including the Building) in a reasonable, non-discriminatory manner, and such allocation shall be binding on Tenant.

9.4. Landlord's annual statement shall be final and binding upon Tenant unless Tenant, within sixty (60) days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reasons therefor; provided that Tenant shall in all events pay the amount specified in Landlord's annual statement, pending the results of the Independent Review and determination of the Accountant(s), as applicable and as each such term is defined below. If, during such sixty (60)-day period, Tenant reasonably and in good faith questions or contests the correctness of Landlord's statement of Tenant's Adjusted Share of Operating Expenses, Landlord shall provide Tenant with reasonable access to Landlord's books and records to the extent relevant to determination of Operating Expenses (including, if and to the extent applicable, the books and records of any affiliates of Landlord owning Neighboring Properties in connection with the allocation of shared costs pursuant to Section 9.3, above), and such information as Landlord reasonably determines to be responsive to Tenant's written inquiries. In the event that, after Tenant's review of such information, Landlord and Tenant cannot agree upon the amount of Tenant's Adjusted Share of Operating Expenses, then Tenant shall have the right to have an independent public accounting firm hired by Tenant on an hourly basis and not on a contingent-fee basis (at Tenant's sole cost and expense) and approved by Landlord (which approval Landlord shall not unreasonably withhold or delay), audit and review such of Landlord's books and records for the year in question as directly relate to the determination of Operating Expenses for such year (the "Independent Review"), but not books and records of entities other than Landlord, except as provided above. Landlord shall make such books and records available in a reasonably accessible manner at the location where Landlord maintains them in the ordinary course of its business. Landlord agrees to provide digital copies of books and records upon the reasonable written request of Tenant. Tenant shall commence the Independent Review within thirty (30) days after the date Landlord has given Tenant access to Landlord's books and records for the Independent Review. Tenant shall complete the Independent Review and notify Landlord in writing of Tenant's specific objections to Landlord's calculation of Operating Expenses (including Tenant's accounting firm's written statement of the basis, nature and amount of each proposed adjustment) no later than sixty (60) days after Landlord has first given Tenant access to Landlord's books and records for the Independent Review. Landlord shall review the results of any such Independent Review. The parties shall endeavor to agree promptly and reasonably upon Operating Expenses taking into account the results of such Independent Review. If, as of the date that is sixty (60) days after Tenant has submitted the Independent Review to Landlord, the parties have not agreed on the appropriate adjustments to Operating Expenses, then the parties shall engage a mutually agreeable independent third party accountant with at least ten (10) years' experience in commercial real estate accounting in the Cambridge, Massachusetts area (the "Accountant"). If the parties cannot agree on the Accountant, each shall within ten (10) days after such impasse appoint an Accountant (different from the accountant and accounting firm that conducted the Independent Review) and, within ten (10) days after the appointment of both such Accountants, those two Accountants shall select a third (which cannot be the accountant and accounting firm that conducted the Independent Review). If either party fails to timely appoint an Accountant, then the Accountant the other party appoints shall be the sole Accountant. Within ten (10) days after appointment of the Accountant(s), Landlord and Tenant shall each simultaneously give the Accountants (with a copy to the other party) its determination of Operating Expenses, with such supporting data or information as each submitting party

determines appropriate. Within ten (10) days after such submissions, the Accountants shall by majority vote select either Landlord's or Tenant's determination of Operating Expenses. The Accountants may not select or designate any other determination of Operating Expenses. The determination of the Accountant(s) shall bind the parties. If the parties agree or the Accountant(s) determine that the Operating Expenses actually paid by Tenant for the calendar year in question exceeded Tenant's obligations for such calendar year, then Landlord shall, at Tenant's option, either (a) credit the excess to the next succeeding installments of estimated Additional Rent or (b) pay the excess to Tenant within thirty (30) days after delivery of such results. If the parties agree or the Accountant(s) determine that Tenant's payments of Operating Expenses for such calendar year were less than Tenant's obligation for the calendar year, then Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such results. If the Independent Review reveals or the Accountant(s) determine that the Operating Expenses billed to Tenant by Landlord and paid by Tenant to Landlord for the applicable calendar year in question exceeded by more than five percent (5%) what Tenant should have been billed during such calendar year, then Landlord shall pay the reasonable cost of the Independent Review. In all other cases Tenant shall pay the cost of the Independent Review and the Accountant(s).

9.5. Tenant shall not be responsible for Operating Expenses with respect to any time period prior to the Term Commencement Date; provided, however, that if Landlord shall permit Tenant possession of the Premises for the Permitted Use prior to the Term Commencement Date, Tenant shall be responsible for Operating Expenses from such earlier date of possession (the Term Commencement Date or such earlier date, as applicable, the "Expense Trigger Date"); and provided, further, that Landlord may annualize certain Operating Expenses incurred prior to the Expense Trigger Date over the course of the budgeted year during which the Expense Trigger Date occurs, and Tenant shall be responsible for the annualized portion of such Operating Expenses corresponding to the number of days during such year, commencing with the Expense Trigger Date, for which Tenant is otherwise liable for Operating Expenses pursuant to this Lease. Tenant's responsibility for Tenant's Adjusted Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises and (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant.

9.6. Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

9.7. Within thirty (30) days after the end of each calendar month, Tenant shall submit to Landlord an invoice, or, in the event an invoice is not available, an itemized list, of all costs and expenses that (a) Tenant has incurred (either internally or by employing third parties) during the prior month and (b) for which Tenant reasonably believes it is entitled to reimbursements from Landlord pursuant to the terms of this Lease or the Work Letter.

9.8. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate Operating Expenses that vary depending on the occupancy of the Building or Project, as applicable, to equal Landlord's reasonable estimate of what such Operating Expenses would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of Operating Expenses.

10. Taxes on Tenant's Property.

10.1. Tenant shall be solely responsible for the payment of any and all taxes levied upon (a) Tenant's personal property and trade fixtures located at the Premises and (b) any gross or net receipts of or sales by Tenant, and shall pay the same at least twenty (20) days prior to delinquency.

10.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building, the Property or the Project is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed value of the Building, the Property or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord.

10.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building, the Property or the Project by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.2. Any such excess assessed valuation due to improvements in or alterations to space in the Project leased by other tenants at the Project shall not be included in Operating Expenses. If the records of the applicable governmental assessor's office are available and sufficiently detailed to serve as a basis for determining whether such Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

11. Security Deposit.

11.1. Tenant shall deposit with Landlord on or before the Execution Date the sum set forth in Section 2.6 (the "Security Deposit"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term and ending upon the expiration or termination of Tenant's obligations under this Lease. If Tenant Defaults (as defined below) with respect to any provision of this Lease, including any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for

any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, then Tenant shall, within ten business (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

11.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings.

11.3. Landlord may deliver to any purchaser or successor of Landlord's interest in the Premises the funds deposited hereunder by Tenant, and thereupon Landlord shall be discharged from any further liability with respect to such deposit; provided Landlord has executed an assignment and assumption agreement with respect to this Lease with such purchaser or successor-in-interest, in accordance with Section 34 hereof. This provision shall also apply to any subsequent transfers.

11.4. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the Security Deposit, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease.

11.5. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit in an account at a banking organization selected by Landlord; provided, however, that Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest for any period during which Landlord does not receive interest on the Security Deposit.

11.6. The Security Deposit may be in the form of cash, a letter of credit or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except when Tenant is in Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows:

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is three (3) months after the then-current Term Expiration Date, a letter of credit in the form of Exhibit D issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. Landlord may require the L/C Security to be reissued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the L/C Security is or may soon become insolvent; provided, however, Landlord shall return the existing L/C Security to the existing issuer immediately upon receipt of the substitute L/C Security. If any issuer of the L/C Security shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute security in cash or replacement L/C Security issued by an

issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in this Article. As used herein with respect to the issuer of the L/C Security, "insolvent" shall mean the determination of insolvency as made by such issuer's primary bank regulator (*i.e.*, the state bank supervisor for state chartered banks; the OCC or OTS, respectively, for federally chartered banks or thrifts; or the Federal Reserve for its member banks). If, at the Term Expiration Date, any Rent remains uncalculated or unpaid, then (i) Landlord shall with reasonable diligence complete any necessary calculations, (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's legal costs (as estimated by Landlord's counsel) in handling Landlord's acceptance of L/C Security or its replacement or extension.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if (i) an uncured Default (as defined below) exists, (ii) as of the date that is forty-five (45) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) Tenant has not delivered to Landlord an amendment or replacement for such L/C Security, reasonably satisfactory to Landlord, extending the expiry date to the earlier of (1) three (3) months after the then-current Term Expiration Date or (2) the date that is one year after the then-current expiry date of the L/C Security, (iii) the L/C Security provides for automatic renewals, Landlord asks the issuer to confirm the current L/C Security expiry date, and the issuer fails to do so within ten (10) business days, (iv) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security or (v) the issuer of the L/C Security ceases, or announces that it will cease, to maintain an office in the city where Landlord may present drafts under the L/C Security (and fails to permit drawing upon the L/C Security by overnight courier or facsimile). This Section does not limit any other provisions of this Lease allowing Landlord to draw the L/C Security under specified circumstances.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of an improper draw (*i.e.*, a draw for any reason other than as permitted under this Lease), (a) the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the improperly drawn sums, (b) Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous, and (c) if Tenant receives a final determination from a court of competent jurisdiction that is not subject to appeal that Landlord has made a "wrongful" draw, (i) Landlord shall pay Tenant interest upon the amount of such wrongful draw at the rate of six percent (6%) and (ii) Tenant shall be entitled to recover its reasonable attorney's fees in accordance with Section 40.7. For purposes of the immediately foregoing sentence, the term "wrongful" shall mean that Landlord has no reasonable basis to believe that it had the right to make the draw. The parties

acknowledge and agree that in the event of an erroneous draw under the L/C Security, Tenant's remedies shall be solely as provided in this Section 11.6(d).

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security Deposit changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

11.7 Intentionally deleted.

11.8 If, as of the third (3rd) anniversary of Term Commencement Date, Tenant (a) has a market capitalization (based on a 30-day average value) equal to or exceeding Five Hundred Million Dollars (\$500,000,000), and (b) has not been in Default under this Lease prior to such third (3rd) anniversary of the Term Commencement Date (together, the "SD Reduction Obligations"), then Tenant, no later than forty-five (45) days after the third (3rd) anniversary of the Rent Commencement Date, may notify Landlord in writing that it wishes to decrease the Security Deposit to an amount equal to seven (7) months of the then-current Base Rent (the "Initial Reduced Security Deposit"). Within ten (10) Business Days following Landlord's receipt of such notice, Landlord shall (y) confirm in writing that the SD Reduction Obligations have been satisfied and that the Security Deposit shall be deemed to equal the Initial Reduced Security Deposit, or (z) provide Tenant with satisfactory written evidence that such SD Reduction Obligations have not been satisfied. Upon Landlord's confirmation that the SD Reduction Obligations have been satisfied, (i) if the Security Deposit is in the form of cash, Landlord shall return to Tenant the excess amount within ten (10) Business Days following its approval of such certification, or (ii) if the Security Deposit is in the form of the L/C Security, the Tenant may provide to Landlord, and Landlord shall accept, a replacement L/C Security in the amount of the Initial Reduced Security Deposit.

12. Use.

12.1. Tenant shall use the Premises for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

12.2. Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy (or its substantial equivalent) issued for the Building or the Project, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof, and shall indemnify, defend (at the option of and with counsel reasonably acceptable to the indemnified party(ies)), save, reimburse and hold harmless (collectively, "Indemnify," "Indemnity" or "Indemnification," as the case may require) Landlord

and its affiliates, employees, agents and contractors; and any lender, mortgagee, ground lessor or beneficiary (each, a “Lender” and, collectively with Landlord and its affiliates, employees, agents and contractors, the “Landlord Indemnitees”) harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys’ fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, “Claims”) of any kind or nature that arise before, during or after the Term as a result of Tenant’s breach of this Section.

12.3. Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any fire, environmental, extended coverage or any other insurance policy covering the Building or the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant’s failure to comply with the provisions of this Article.

12.4. Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.

12.5. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord’s prior written consent, which consent shall not be unreasonably withheld. Tenant shall provide Landlord with two (2) copies of all keys and key cards, and access codes necessary to access all portions of the Premises for emergency entry. Tenant shall, upon termination of this Lease, return to Landlord all keys to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12.6. No awnings or other projections shall be attached to any outside wall of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord’s standard window coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened (other than the existing window coatings in the ACF area on the first (1st) floor of the Premises) without Landlord’s prior written consent, nor shall any bottles, parcels or other articles be placed on the windowsills or items attached to windows that are visible from outside the Premises. No equipment, furniture or other items of personal property shall be placed on any exterior balcony without Landlord’s prior written consent.

12.7. No sign, advertisement or notice (“Signage”) shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord’s prior written consent. Signage shall conform to Landlord’s design criteria. For any Signage, Tenant shall, at Tenant’s own cost and expense, (a) acquire all permits for such Signage in compliance with Applicable Laws and (b) design, fabricate, install and maintain such Signage in a first-class condition. Tenant shall be responsible for reimbursing Landlord for costs incurred by Landlord in removing

any of Tenant's Signage upon the expiration or earlier termination of the Lease. Interior signs on entry doors to the Premises and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Landlord's sole cost and expense, and shall be of a size, color and type and be located in a place acceptable to Landlord. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the exterior of the corridor walls or corridor doors other than Landlord's standard lettering. Tenant, at Tenant's sole cost and expense, shall have Signage rights for the primary entrance to the Premises substantially consistent with the Signage permitted for comparable Tenants in the Project, as Landlord reasonably determines. At Landlord's option, Landlord may install any Tenant Signage, and Tenant shall pay all costs associated with such installation within thirty (30) days after demand therefor.

12.8. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

12.9. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations therefrom from extending into the Common Area or other offices in the Project.

12.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure them, (b) use or allow the Premises to be used for immoral, unlawful or objectionable purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment.

12.11. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all liabilities, costs and expenses arising from or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "ADA"), and Tenant shall Indemnify the Landlord Indemnitees from and against any Claims arising from any such failure of the Premises to comply with the ADA. This Section (as well as any other provisions of this Lease dealing with Indemnification of the Landlord Indemnitees by Tenant) shall be deemed to be modified in each case by the insertion in the appropriate place of the following: "except as otherwise provided in Mass. G.L. Ter. Ed., C. 186, Section 15." For the avoidance of doubt, "Lenders" shall also include historic tax credit investors and new market tax credit investors. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

12.12. Tenant shall maintain temperature and humidity in the Premises in accordance with ASHRAE standards at all times.

12.13. Tenant shall establish and maintain a chemical safety program administered by a licensed, qualified individual in accordance with the requirements of the Massachusetts Water Resources Authority (“MWRA”) and any other applicable Governmental Authority. Tenant shall be solely responsible for all costs incurred in connection with such chemical safety program, and Tenant shall provide Landlord with such documentation as Landlord may reasonably require evidencing Tenant’s compliance with the requirements of (a) the MWRA and any other applicable Governmental Authority with respect to such chemical safety program and (b) this Section. Tenant shall obtain and maintain during the Term (m) any permit required by the MWRA (“MWRA Permit”) and (n) a wastewater treatment operator license from the Commonwealth of Massachusetts with respect to Tenant’s use of the Acid Neutralization Tank (as defined below) in the Building. Tenant shall not introduce anything into the Acid Neutralization Tank (x) in violation of the terms of the MWRA Permit, (y) in violation of Applicable Laws or (z) that would interfere with the proper functioning of the Acid Neutralization Tank. Landlord agrees to reasonably cooperate with Tenant in order to obtain the MWRA Permit and the wastewater treatment operator license.

13. Rules and Regulations, CC&Rs, Parking Facilities and Common Area.

13.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Area in conjunction with Tenant’s use of the Premises for the Permitted Use, and such use of the Common Area and Tenant’s use of the Premises shall be subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit E together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its sole and absolute discretion (the “Rules and Regulations”); provided, however, that Landlord shall not materially modify any Common Area in a manner that materially impacts Tenant’s access to the Premises or the parking facilities serving the Building. Tenant shall and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations.

13.2. This Lease is subject to any recorded covenants, conditions or restrictions on the Project or Property (including the Parking and Transportation Demand Management Plan Ordinance- Final Amendment Decision, issued on May 24, 2002, by the City of Cambridge (as the same may be amended from time to time, the “PTDM”), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “CC&Rs”), and Tenant shall, at its sole cost and expense, comply with and cause the Project to comply with the CC&Rs and the documents listed on Exhibit F attached hereto (together with the PTDM, the “Property Operations Documents”). Tenant acknowledges that Tenant, at its sole cost and expense, shall comply with the tenant requirements in the PTDM, including the requirements set forth in the “Alternative Work Programs,” “Public Transportation Incentives,” “Ridesharing Programs” and “Provisions of Bicycle and Pedestrian Amenities” sections thereof. Tenant, at its sole cost and expense, shall also comply with the reporting requirements set forth in the PTDM at Landlord’s request. Any costs incurred by Landlord in connection with the PTDM shall constitute an Operating Expense.

13.3. Notwithstanding anything in this Lease to the contrary, Tenant may not install any security systems (including cameras) outside the Premises or that record sounds or images outside the Premises without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion. Notwithstanding the foregoing, Tenant shall be permitted to install security cameras outside of the Premises that record images of any entrances to the Premises.

13.4. The Charles River Transportation Management Association (of which Landlord or an affiliate of Landlord is currently a member) provides certain programs to help improve transportation in the Cambridge area. Their website is www.charlesrivertma.org.

13.5. Tenant shall have a non-exclusive, irrevocable license to use eighty-four (84) parking spaces at the facilities serving the Building and the Project in common on an unreserved basis with other tenants of the Building and the Project during the Term at a cost of Three Hundred Sixty Dollars (\$360.00) per parking space per month (subject to market rate adjustment by Landlord from time to time throughout the Term), which Tenant shall pay simultaneously with payments of Base Rent as Additional Rent.

13.6. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right to determine that parking facilities are becoming overcrowded and to limit Tenant's use thereof. Upon such determination, Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project, provided that Tenant shall be entitled to the number of spaces set forth in Section 13.5 above. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

13.7. Subject to the terms of this Lease including the Rules and Regulations and the rights of other tenants of the Building, Tenant shall have the non-exclusive right, to access the freight loading dock and freight elevator twenty-four (24) hours per day, seven (7) days per week.

14. Project Control by Landlord.

14.1. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes Landlord's right to subdivide the Project; convert the Building and other buildings within the Project to condominium units; change the size of the Project by selling all or a portion of the Project or adding real property and any improvements thereon to the Project; grant easements and licenses to third parties; maintain or establish ownership of the Building separate from fee title to the Property; make additions to or reconstruct portions of the Building and the Project; install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building or the Project pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building or elsewhere at the Project; and alter or relocate any other Common Area or facility, including private drives, lobbies, entrances and landscaping; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and

Tenant's access to the Premises. Tenant acknowledges that Landlord specifically reserves the right to allow the exclusive use of corridors and restroom facilities located on specific floors to one or more tenants occupying such floors; provided, however, that Tenant shall not be deprived of the use of the corridors reasonably required to serve the Premises or of restroom facilities serving the floor upon which the Premises are located.

14.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord; provided, however, that Landlord's exercise of its rights under this Section 14.2 shall not materially adversely affect the Permitted Use of the Premises.

14.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease. Landlord shall, at Tenant's request, promptly execute such further documents as may be reasonably necessary for Tenant's performance of its business operations at the Premises; provided that Landlord need not execute any document that creates additional liability for Landlord.

14.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours, if (a) with respect to Subsections 14.4(u) through 14.4(y), Tenant so requests, and (b) with respect to Subsection 14.4(z), if Landlord so requests), and upon twenty-four (24) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises and to the individual designated as the notice party pursuant to the provisions of this Lease; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (u) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (v) supply any service Landlord is required to provide hereunder, (w) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary, (x) post notices of nonresponsibility, (y) access the telephone equipment, electrical substation and fire risers and (z) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time throughout the Term. In connection with any such alteration, improvement or repair as described in Subsection 14.4(w), Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible, with the understanding that portions of the Premises consist of laboratory space. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

16. Utilities and Services.

16.1 Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Adjusted Share of all charges of such utility jointly metered with other premises as part of Tenant's Adjusted Share of Operating Expenses or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. Landlord may base its bills for utilities on reasonable estimates; provided that Landlord adjusts such billings or as part of the next Landlord's Statement to reflect the actual cost of providing utilities to the Premises. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord for Tenant's Adjusted Share of such utilities to reflect such excess. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate utility usage that varies depending on the occupancy of the Building or Project (as applicable) to equal Landlord's reasonable estimate of what such utility usage would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities.

16.2 Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by accidents; breakage; casualties (to the extent not caused by the party claiming Force Majeure); Severe Weather Conditions (as defined below); physical natural disasters (but excluding weather conditions that are not Severe Weather Conditions); strikes, lockouts or other labor disturbances or labor disputes (other than labor disturbances and labor disputes resulting solely from the acts or omissions of the party claiming Force Majeure); acts of terrorism; riots or civil disturbances; wars or insurrections; shortages of materials (which shortages are not unique to the party claiming Force Majeure); government regulations, moratoria or other governmental actions, inactions or delays; failures to grant consent or delays in granting consent by any Lender whose consent is required under any applicable Loan Document; failures by third parties to deliver gas, oil or another suitable fuel supply, or inability of the party claiming Force Majeure, by exercise of reasonable diligence, to obtain gas, oil or another suitable fuel; or other causes beyond the reasonable control of the party claiming that Force Majeure has occurred (collectively, "Force Majeure"); or, to the extent permitted by Applicable Laws, Landlord's negligence. In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement

of this Lease. “Severe Weather Conditions” means weather conditions that are materially worse than those that reasonably would be anticipated for the Property at the applicable time based on historic meteorological records. Notwithstanding anything to the contrary in this Lease, if, for more than five (5) consecutive business days following written notice to Landlord and as a direct result of Landlord’s gross negligence or willful misconduct (and except to the extent that such failure arises from any other factor, including any action or inaction of a Tenant Party (as defined below)), the provision of HVAC or other utilities to all or a material portion of the Premises that Landlord must provide pursuant to this Lease is interrupted (a “Material Services Failure”), then Base Rent and Tenant’s Adjusted Share of Operating Expenses (or, to the extent that less than all of the Premises are affected, a proportionate amount (based on the Rentable Area of the Premises that is rendered unusable) of Base Rent and Tenant’s Adjusted Share of Operating Expenses) shall thereafter be abated until the Premises are again usable by Tenant for the Permitted Use; provided, however, that, if Landlord is diligently pursuing the restoration of such HVAC and other utilities and Landlord provides substitute HVAC and other utilities reasonably suitable for Tenant’s continued use and occupancy of the Premises for the Permitted Use (e.g., supplying potable water or portable air conditioning equipment), then neither Base Rent nor Tenant’s Adjusted Share of Operating Expenses shall be abated. During any Material Services Failure, Tenant will cooperate with Landlord to arrange for the provision of any interrupted utility services on an interim basis via temporary measures until final corrective measures can be accomplished, and Tenant will permit Landlord the necessary access to the Premises to remedy such Material Service Failure. In the event of any interruption of HVAC or other utilities that Landlord must provide pursuant to this Lease, regardless of the cause, Landlord shall diligently pursue the restoration of such HVAC and other utilities. Notwithstanding anything in this Lease to the contrary, but subject to Article 24 (which shall govern in the event of a casualty), the provisions of this Section shall be Tenant’s sole recourse and remedy in the event of an interruption of HVAC or other utilities to the Premises, including related to Section 16.8.

16.3 Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term, beyond those utilities provided by Landlord, including telephone, internet service, cable television and other telecommunications, together with any fees, surcharges and taxes thereon. Upon Landlord’s demand, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services.

16.4 Tenant shall not, without Landlord’s prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant’s Pro Rata Share of the Building or Project (as applicable) beyond the existing capacity of the Building or the Project usually furnished or supplied for the Permitted Use or (b) exceed Tenant’s Pro Rata Share of the Building’s or Project’s (as applicable) capacity to provide such utilities or services.

16.6 If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant’s equipment or extended hours of business operations, then Tenant shall first procure Landlord’s

consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

16.7. Landlord shall provide water in Common Area for lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord determines that Tenant requires, uses or consumes water provided to the Common Area for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

16.8. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and, except as provided in Section 16.2, Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence. Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence.

16.9. For the Premises, Landlord shall (a) maintain and operate the base building HVAC systems up to the first damper or isolation valve that services Premises (and not including supplemental units installed by Tenant) used for the Permitted Use only ("Base HVAC") and (b) subject to Subsection 16.9(a), furnish HVAC as reasonably required (except as this Lease otherwise provides) for reasonably comfortable occupancy of the Premises twenty-four (24) hours a day, every day during the Term, subject to casualty, eminent domain or as otherwise specified in this Article. Notwithstanding anything to the contrary in this Section, Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services; except as provided in Section 16.2.

16.10. For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord (a) any invoices or statements for such utilities within thirty (30) days after Tenant's receipt thereof, (b) within thirty (30) days after Landlord's request, any other utility usage information reasonably requested by Landlord, and (c) within thirty (30) days after each calendar year during the Term, authorization to allow Landlord to access Tenant's usage information necessary for Landlord to complete an ENERGY

STAR® Statement of Performance (or similar comprehensive utility usage report (e.g., related to Labs 21), if requested by Landlord) and any other information reasonably requested by Landlord for the immediately preceding year; and Tenant shall comply with any other energy usage or consumption requirements required by Applicable Laws. Tenant shall retain records of utility usage at the Premises, including invoices and statements from the utility provider, for at least thirty-six (36) months, or such longer period of time as may be requested by Landlord to comply with Applicable Laws. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In the event that Tenant fails to comply with this Section, Tenant hereby authorizes Landlord to collect utility usage information directly from the applicable utility providers, and Tenant shall pay Landlord a fee of Five Hundred Dollars (\$500) per month to collect such utility usage information. In addition to the foregoing, Tenant shall comply with all Applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

16.11. The Building is currently serviced by a laboratory waste sanitary sewer connection from the pH neutralization room on the first (1st) floor of the Building to the municipal sewer line in the street adjacent to the Building. There currently exists a separate acid neutralization tank (the "Acid Neutralization Tank") that is connected to the Premises. Tenant, at its sole cost and expense, shall be responsible for obtaining, and complying with at all times, the MWRA Permit and any other permits and approvals from Governmental Authorities necessary to install, use or operate the Acid Neutralization Tank, and Tenant may not operate the Acid Neutralization Tank without first having provided to Landlord, for Landlord's approval, copies of all such permits and approvals. Tenant shall be responsible for all costs, charges and expenses in connection with or arising out of the operation, use, maintenance, repair or refurbishment of the Acid Neutralization Tank, including all clean-up costs relating to the Acid Neutralization Tank. Tenant shall Indemnify the Landlord Indemnitees from and against any and all Claims, including (a) diminution in value of the Project or any portion thereof, (b) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (c) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (d) sums paid in settlement of Claims that arise during or after the Term as a result of Tenant's improper use of the Acid Neutralization Tank. This Indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration required by any Governmental Authority arising from Tenant's use of the Acid Neutralization Tank.

16.12. Subject to each and every term and provision of this Lease (including reasonable closures for repairs or maintenance pursuant to the terms of this Lease), and subject to reasonable closures as the result of casualty, condemnation, emergencies or other circumstances beyond Landlord's control, Tenant shall have the right to access the Premises twenty-four (24) hours per day, seven (7) days per week.

17. Alterations.

17.1. Tenant shall make no alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("Alterations") without Landlord's prior written approval, which approval may be subject to the consent of one or more Lenders, if required under any applicable Loan Document, but which approval Landlord shall not otherwise unreasonably withhold; provided, however, that, in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, the roof, the foundation or slab, foundation or slab systems (including barriers and subslab systems) or the core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, HVAC, electrical, security, life safety and power, then Landlord may withhold its approval in its sole and absolute discretion. Tenant shall, in making any Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed; and provided further, that Tenant shall be permitted to utilize the persons listed on Schedule 4.6 in connection with completing any approved Alterations or Cosmetic Alterations (as such term is defined below) without seeking any further approval from Landlord. In seeking Landlord's approval, Tenant shall provide Landlord, at least thirty (30) days in advance of the desired commencement date of any proposed construction, with plans, specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request, provided that Tenant shall not commence any such Alterations that require Landlord's consent unless and until Tenant has received the written approval of Landlord and any and all Lenders whose consent is required under any applicable Loan Document. In no event shall Tenant use or Landlord be required to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony or may not have sufficient experience, in Landlord's reasonable opinion, to perform work in an occupied Class "A" laboratory research building and in tenant-occupied lab areas. Notwithstanding the foregoing, Tenant may make strictly cosmetic changes to the Premises that do not require any permits or more than three (3) total contractors and subcontractors ("Cosmetic Alterations") without Landlord's consent; provided that (y) the cost of any Cosmetic Alterations does not exceed One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00) in any one instance or Four Hundred Twenty-Five Thousand and 00/100 Dollars (\$425,000.00) annually, (z) such Cosmetic Alterations do not (i) require any structural or other substantial modifications to the Premises, (ii) require any changes to or adversely affect the Building systems, (iii) affect the exterior of the Building, or (iv) trigger any requirement under Applicable Laws that would require Landlord to make any alteration or improvement to the Premises, the Building or the Project. Tenant shall give Landlord at least ten (10) days' prior written notice of any Cosmetic Alterations.

17.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of

the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

17.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any life safety systems to remain fully operable at all times.

17.4. Any work performed on the Premises, the Building or the Project by Tenant or Tenant's contractors shall be done at such times and in such manner as Landlord may from time to time designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as built" drawing print sets and electronic CADD files on disc (or files in such other current format in common use as Landlord reasonably approves or requires) (collectively, "As Built Drawings") showing any changes in the Premises, as well as a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems. Any such As Built Drawings shall show the applicable Alterations as an overlay on the Building as-built plans; provided that Landlord provides the Building "as built" plans to Tenant. Notwithstanding the foregoing, Tenant shall not be required to provide any As Built Drawings for Cosmetic Alterations, except to the extent Tenant installs any mechanical equipment in the Premises.

17.5. Before commencing any Alterations (other than Cosmetic Alterations) or Tenant Improvements, Tenant shall (a) give Landlord at least thirty (30) days' prior written notice of the proposed commencement of such work and the names and addresses of the persons supplying labor or materials therefor so that Landlord may enter the Premises to post and keep posted thereon and therein notices or to take any further action that Landlord may reasonably deem proper for the protection of Landlord's interest in the Project and (b) shall, if required by Landlord, secure, at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord for such work.

17.6. Tenant shall repair any damage to the Premises arising from Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17.7. The Premises plus any Alterations; Signage; Tenant Improvements; attached equipment, decorations, fixtures and trade fixtures; movable laboratory casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; laboratory benches; exterior venting fume hoods; walk-in freezers and refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to

Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit G attached hereto (which Exhibit G may be updated by Tenant from and after the Term Commencement Date, subject to Landlord's written consent) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

17.8. Notwithstanding any other provision of this Article to the contrary, in no event shall Tenant remove any improvement from the Premises in which any Lender has a security interest or as to which Landlord contributed payment, including the Tenant Improvements, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

17.9. If Tenant shall fail to remove any of its property from the Premises prior to the expiration or earlier termination of this Lease, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

17.10. Tenant shall reimburse Landlord for its actual out-of-pocket expenses incurred in connection with plan review, engineering review, coordination, scheduling and supervision thereof or obtaining any required Lender consent, which amount shall not exceed Landlord's actual third-party out-of-pocket expenses for such overhead and expenses. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays arising from such faulty work, or by reason of inadequate clean-up.

17.11. Within seventy-five (75) days after final completion of the Tenant Improvements or any Alterations performed by Tenant with respect to the Premises, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Tenant Improvements and Alterations, together with supporting documentation reasonably acceptable to Landlord.

17.12. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Alterations or Tenant Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

17.13. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and Lenders as additional insureds on their respective insurance policies.

18. Repairs and Maintenance.

18.1. Landlord shall repair and maintain the structural and exterior portions and Common Area of the Building and the Project, including roofing and covering materials; foundations (excluding any architectural slabs, but including any structural slabs); exterior walls; plumbing; fire sprinkler systems (if any); base Building HVAC systems up to the first damper or isolation valve that serves the Premises (for purposes of clarity, the portion of the HVAC system that includes such first damper or isolation valve and extends into and through the Premises, and any supplemental HVAC serving the Premises shall not be part of the base Building HVAC and shall be Tenant's obligation to maintain and repair pursuant to Section 18.2 below); elevators; and base Building electrical systems installed or furnished by Landlord.

18.2. Except for services of Landlord, if any, required by Section 18.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises (including but not limited to the portion of the HVAC system that includes the first damper or isolation valve and extends into and through the Premises, any supplemental HVAC serving the Premises, and any other systems or equipment exclusively serving the Premises) and every part thereof in good condition and repair, damage thereto from ordinary wear and tear excepted, and shall, within ten (10) days after receipt of written notice from Landlord, provide to Landlord any maintenance records that Landlord reasonably requests. Tenant shall, upon the expiration or sooner termination of the Term, surrender the Premises to Landlord in as good a condition as when received, ordinary wear and tear excepted; and shall, at Landlord's request and Tenant's sole cost and expense, remove all telephone and data systems, wiring and equipment from the Premises (with respect to wiring, only to the extent installed by a Tenant Party (as defined below)), and repair any damage to the Premises caused thereby. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof.

18.3. Throughout the Term of the Lease, Tenant shall, at Tenant's sole cost and expense, maintain copies of all service contracts, service, repair and maintenance records, and inspection reports on all equipment installed by or maintained by Tenant. Tenant shall, within ten (10) days after receipt of written notice from Landlord, provide to Landlord any maintenance records, service or inspection reports that Landlord reasonably requests.

18.4. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is Landlord's obligation pursuant to this Lease unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance. Except as otherwise set forth in Section 31.13 of this Lease, Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

18.5. If any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as such person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under

this Lease, provided, however, that in any such event Landlord shall use reasonable efforts to minimize disruption of Tenant's business operations.

18.6. This Article relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project. In the event of a casualty described in Article 24, Article 24 shall apply in lieu of this Article. In the event of eminent domain, Article 25 shall apply in lieu of this Article.

18.7. Costs incurred by Landlord pursuant to this Article, other than pursuant to Section 18.5, shall constitute Operating Expenses. Notwithstanding the foregoing, to the extent that the cost of such repairs and maintenance arising from Tenant's acts, neglect, fault or omissions (but not gross negligence or willful misconduct) exceeds the limits of any insurance maintained or required to be maintained by Tenant pursuant to this Lease but are covered by insurance maintained or required to be maintained by Landlord under this Lease, then Landlord shall file a claim for such excess pursuant to Landlord's insurance and Tenant shall reimburse Landlord for the deductible therefor within thirty (30) days after receipt of an invoice therefor (or, if Landlord has not obtained or maintained the insurance it is required to obtain and maintain pursuant to this Lease, Landlord shall pay such excess, other than what the deductible would have been had Landlord obtained and maintained the requisite insurance, which Tenant shall pay to Landlord within thirty (30) days after receipt of an invoice therefor).

19. Liens.

19.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising from work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises, the Building or the Project for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within ten (10) days after the filing thereof, at Tenant's sole cost and expense.

19.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 19.1, Landlord may, at Landlord's election, pay such claim or post a statutory lien bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall reimburse Landlord for the costs thereof as Additional Rent within ten (10) days after Tenant's receipt of Landlord's invoice therefor. Tenant shall Indemnify the Landlord Indemnitees from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens.

19.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Premises, the Building or the Project be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property

located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

20. Estoppel Certificate.

20.1. Tenant shall, within ten (10) business days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit H, or on any other form reasonably requested by a current or proposed Lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Any such statements may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Property. If Tenant fails to execute any document required from Tenant under this Section 20 within ten (10) business days after written request therefor, Tenant hereby constitutes and appoints Landlord as its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant, and, in any event, shall be binding upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

20.2. Landlord shall, within ten (10) business days of receipt of written notice from Tenant, execute, acknowledge and deliver a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied upon by any current or prospective lender of Tenant or by any prospective subtenant or assignee of all or any portion of the real property of which the Premises are a part.

21. Hazardous Materials.

21.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of

Applicable Laws by Tenant or any of its employees, agents, contractors or invitees (collectively with Tenant, each a “Tenant Party”). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder (other than if such contamination results from (i) migration of Hazardous Materials from outside the Premises not arising from the acts or omissions of a Tenant Party or coming from property owned or leased by a Tenant Party or (ii) to the extent such contamination arises directly from Landlord’s gross negligence or willful misconduct) or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall Indemnify the Landlord Indemnitees from and against any and all Claims of any kind or nature, including (w) diminution in value of the Project or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (y) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This Indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord’s written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant’s obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers’ compensation acts, disability benefit acts, employee benefit acts or similar legislation.

21.2. Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant’s industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of Applicable Laws related to Hazardous Materials

and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials, in which case Tenant shall deliver updated Hazardous Materials documents (without Landlord having to request them) before or, if not practicable to do so before, as soon as reasonably practicable after the occurrence of the events in Subsection 21.2(m) or (n). For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any documents containing information of a proprietary nature, unless such documents contain a reference to Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

21.3. Tenant represents and warrants to Landlord that it is not nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any Governmental Authority or (b) required to take any remedial action.

21.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease.

21.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant

(or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws. Tenant shall have no responsibility or liability for underground or other storage tanks installed by anyone other than Tenant unless Tenant utilizes such tanks, in which case Tenant's responsibility for such tanks shall be as set forth in this Section.

21.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

21.7. Tenant's obligations under this Article shall survive the expiration or earlier termination of the Lease.

21.8. As used herein, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any Governmental Authority.

21.9. Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Project for the storage of Hazardous Materials. Notwithstanding anything to the contrary in this Lease, the quantity of Hazardous Materials allowed by this Section is specific to Tenant and shall not run with the Lease in the event of a Transfer (as defined in Article 29). In the event of a Transfer, if the use of Hazardous Materials by such new tenant ("New Tenant") is such that New Tenant utilizes fire control areas in the Project in excess of New Tenant's Pro Rata Share of the Building or the Project, as applicable, then New Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than New Tenant's Pro Rata Share of the Building or the Project, as applicable. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

22. Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations, including in Tenant's vivarium. Landlord and Tenant therefore agree as follows:

22.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

22.2. If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of Applicable Laws.

22.3. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

22.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's approval of the Tenant Improvements shall not preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

22.5. If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

23. Insurance.

23.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, engineering costs or such other costs to the extent the same are not incurred in the event of a rebuild and without reference to depreciation taken by Landlord upon its books or tax returns) or such lesser coverage as Landlord may elect, provided that such coverage shall not be less than the amount of such insurance Landlord's Lender, if any, requires Landlord to maintain, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism

and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding, Workers' Compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant or that are in addition to the standard improvements customarily furnished by Landlord, without regard to whether or not such are made a part of or are affixed to the Building.

23.2. In addition, Landlord shall carry Commercial General Liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence/general aggregate for bodily injury (including death), or property damage with respect to the Project.

23.3. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

(a) Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises (to the extent not insured by Landlord pursuant to Section 23.1) and Tenant's Property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Tenant Improvements, Alterations or other work performed on the Premises by Tenant (collectively, "Tenant Work"), shall name Landlord and Landlord's current and future mortgagees as loss payees as their interests may appear. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, flood (subject to policy terms and conditions), terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be eighteen (18) months.

(b) Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than \$1,000,000 for bodily injury and property damage per occurrence, \$2,000,000 general aggregate, which limits may be met by use of excess and/or umbrella liability insurance; provided that such coverage is at least as broad as the primary coverages required herein.

(c) Liquor Liability insurance if Tenant dispenses, serves, sells, merchandises, transfers, gives away or exchanges “alcoholic beverages” of any kind in, upon or from any part of the Premises or the Property for any reason whatsoever, then Liquor Liability insurance, dram shop, or host liquor liability insurance is required during the Term in form and substance satisfactory to Landlord, with limits of no less than \$1,000,000 per occurrence; and \$2,000,000 aggregate.

Such limits may be met by use of umbrella and/or excess liability insurance; provided that such coverage follows form with underlying insurance policies.

(d) Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto on behalf of Tenant or invited by Tenant (including those owned, hired, rented, leased, borrowed, scheduled or non-owned). Coverage shall be on a broad-based occurrence form in an amount not less than \$1,000,000 combined single limit per accident for bodily injury and property damage. Such coverage shall apply to all vehicles and persons, whether accessing the property with active or passive consent.

(e) Medical Malpractice Liability insurance is required during such periods (if any) that Tenant engages in the practice of medicine or clinical trials involving human beings at the Premises. Limits shall be no less than \$1,000,000 per occurrence and in the aggregate.

(f) Pollution Legal Liability insurance is required if Tenant stores, handles, generates or treats Hazardous Materials, as determined solely by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this agreement, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$1,000,000 per incident with a \$5,000,000 policy aggregate and for a minimum period of three (3) years thereafter.

(g) Umbrella/Excess Liability: Tenant shall carry Umbrella Liability insurance and/or Excess Liability insurance that must follow form with underlying liability policies or be at least as broad as underlying liability policies required herein. Tenant shall maintain limits of not less than \$5,000,000 per occurrence and in the aggregate.

(h) Workers’ Compensation in compliance with all Applicable State Laws of Massachusetts. Employer’s Liability must be at least in the amount of \$1,000,000 for bodily

injury by accident for each employee, \$1,000,000 for bodily injury by disease for each employee, and \$1,000,000 bodily injury by disease for policy limit.

(i) During all construction by Tenant at the Premises, with respect to tenant improvements being constructed (including the Tenant Improvements and any Alterations), insurance required in Exhibit B-1 must be in place.

23.4. The insurance required of Tenant by this Article shall be with companies at all times having a current A.M. Best's rating of not less than "A-" and financial category rating of at least Class "VII". Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, on the date of expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. All insurance policies required in this Article except Workers Compensation insurance shall name Landlord, BioMed Realty, L.P., BRE Edison L.P., BRE Edison LLC, BRE Edison Holdings L.P., BRE Edison Holdings LLC, and BRE Edison Parent L.P. and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

23.5. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the real property upon which the Building is located if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner and (c) any management company retained by Landlord to manage the Project.

23.6. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

23.7. Tenant, on behalf of itself and its insurers, hereby waives any and all rights of recovery against the Landlord Parties with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible workers' compensation, employer's liability insurance and other liability insurance required to be obtained and carried by Tenant pursuant to this Article, including any deductibles or self-insurance maintained thereunder. Tenant agrees to endorse the required workers' compensation, employer's liability and other liability insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the Landlord Parties for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as Tenant's insurers so permit. Any termination of such a waiver shall be by written notice to Landlord, containing a description of the circumstances hereinafter set forth in this Section. Tenant, upon obtaining the policies of workers' compensation, employer's liability and other liability insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions.

23.8. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender or to bring coverage limits to levels then being required of new tenants within the Project.

23.9. Any costs incurred by Landlord pursuant to this Article shall constitute a portion of Operating Expenses.

23.10. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

24. Damage or Destruction.

24.1. In the event of a partial destruction of (a) the Premises, (b) the Building, (c) the Common Area or (d) the Project ((a)-(d) collectively, the "Affected Areas") by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof, and provided that (w) the damage thereto is such that the Affected Areas may be repaired, reconstructed or restored within a period of twelve (12) months from the date of the happening of such casualty, (x) Landlord shall receive insurance proceeds from its insurer or Lender sufficient to cover the cost of such repairs, reconstruction and restoration (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense), (y) the repair, reconstruction or restoration of the Affected Areas is permitted by all applicable Loan Documents or otherwise consented to by any and all Lenders whose consent is required thereunder and (z) such casualty was not intentionally caused by a Tenant Party, then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Affected Areas and this Lease shall continue in full force and effect.

24.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 24.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and effect. If Landlord elects not to repair, reconstruct and restore the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction. In the event of any damage or destruction (regardless of whether such damage is governed by Section 24.1 or this Section), if (a) in Landlord's determination as set forth in the Damage Repair Estimate (as defined below), the Affected Areas cannot be repaired, reconstructed or restored within twelve (12) months after the date of the Damage Repair Estimate, (b) subject to Section 24.6, the Affected Areas are not actually repaired, reconstructed and restored within twelve (12) months after the date of the Damage Repair Estimate, or (c) the damage and destruction occurs within the last twelve (12) months of the then-current Term, then Tenant shall have the right to terminate this Lease, effective as of the date of such damage or destruction, by delivering to Landlord its written notice of termination (a "Termination Notice") (y) with respect to Subsections 24.2(a) and (c), no later than fifteen (15) days after Landlord delivers to Tenant Landlord's Damage Repair Estimate and (z) with respect to Subsection 24.2(b), no later than fifteen (15) days after such twelve (12) month period (as the same may be extended pursuant to Section 24.6) expires. If Tenant provides Landlord with a Termination Notice pursuant to Subsection 24.2(z), Landlord shall have an additional thirty (30) days after receipt of such Termination Notice to complete the repair, reconstruction and restoration. If Landlord does not complete such repair, reconstruction and restoration within such thirty (30) day period, then Tenant may terminate this Lease by giving Landlord written notice within two (2) business days after the expiration of such thirty (30) day period. If Landlord does complete such repair, reconstruction and restoration within such thirty (30) day period, then this Lease shall continue in full force and effect.

24.3. As soon as reasonably practicable, but in any event within sixty (60) days following the date of damage or destruction, Landlord shall notify Tenant of Landlord's good faith estimate of the period of time in which the repairs, reconstruction and restoration will be completed (the "Damage Repair Estimate"), which estimate shall be based upon the opinion of a contractor reasonably selected by Landlord and experienced in comparable repair, reconstruction and restoration of similar buildings. Additionally, Landlord shall give written notice to Tenant within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

24.4. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

24.5. In the event of repair, reconstruction and restoration as provided in this Article, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair,

reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business.

24.6. Notwithstanding anything to the contrary contained in this Article, (a) Landlord shall not be required to repair, reconstruct or restore any damage or destruction to the extent that Landlord is prohibited from doing so by any applicable Loan Document or any Lender whose consent is required thereunder withholds its consent, and (b) should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure or delays caused by a Lender or Tenant Party, then the time for Landlord to commence or complete repairs, reconstruction and restoration shall be extended on a day-for-day basis up to an additional twelve (12) month period; provided, however, that, at Landlord's election, Landlord shall be relieved of its obligation to make such repairs, reconstruction and restoration.

24.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repairs, reconstruction or restoration only with regard to (a) those portions of the Premises that were originally provided at Landlord's expense and (b) the Common Area portion of the Affected Areas. The repairs, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant. In the event Tenant has elected to upgrade certain improvements from the Building Standard, Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, unless Tenant again elects to upgrade such improvements and pay any incremental costs related thereto, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repairs, reconstruction and restoration of the Premises, the Building and the Project.

24.8. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if the damage resulting from any casualty covered under this Article occurs (a) during the thirteenth (13th) through the twenty-fourth (24th) months prior to the expiration of the Term and the Damage Repair Estimate indicates that more than six (6) months will be required for such repair, reconstruction or restoration, (b) during the seventh (7th) through twelfth (12th) months prior to the expiration of the Term and the Damage Repair Estimate indicates that more than thirty (30) days will be required for such repair, reconstruction or restoration, (c) during the last six (6) months of the Term or (d) to the extent that insurance proceeds are not available therefor.

24.9. Landlord's obligation, should it elect or be obligated to repair, reconstruct or restore, shall be limited to the Affected Areas, and shall be conditioned upon Landlord receiving any permits or authorizations required by Applicable Laws. Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any Alterations installed by Tenant existing at the time of such damage or destruction. If Affected Areas are to be repaired, reconstructed or restored in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable to the Alterations constructed by Tenant pursuant to this Lease; provided Tenant no Default has occurred and is continuing under this Lease, and subject to the requirements of any Lender of Landlord.

24.10. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

25. Eminent Domain.

25.1. In the event (a) the whole of all Affected Areas or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.2. In the event of a partial taking of (a) the Building or the Project or (b) drives, walkways or parking areas serving the Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (a) items occurring prior to the taking and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

25.3. To the extent permitted under all applicable Loan Documents or otherwise consented to by any and all Lenders whose consent is required thereunder, Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

25.4. If, upon any taking of the nature described in this Article, this Lease continues in effect, then Landlord shall promptly proceed to restore the Affected Areas to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant. Notwithstanding anything to the contrary contained in this Article, Landlord shall not be required to restore the Affected Areas to the extent that Landlord is prohibited from doing so by any applicable Loan Document or any Lender whose consent is required thereunder withholds its consent.

25.5. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any taking. Accordingly, the parties hereby waive the provisions of any

Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

26. Surrender.

26.1. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("Exit Survey") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. The Exit Survey shall comply with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards). In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, (b) place Laboratory Equipment Decontamination Forms on all decommissioned equipment to assure safe occupancy by future users and (c) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease.

26.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

26.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building, the Property or the Project, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

26.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

27. Holding Over.

27.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 7, as adjusted in accordance with Article 8, and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including payments for Tenant's Adjusted Share of Operating Expenses. Any such

month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

27.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, (a) Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to one hundred fifty percent (150%) of the Rent in effect during the last thirty (30) days of the Term, and (b) if such holdover persists for more than thirty (30) days after the earlier of (i) the expiration or earlier termination of the Term and (ii) provided Landlord gives Tenant at least thirty (30) days' written notice, the date Landlord notifies Tenant that Landlord has procured a tenant that is ready, willing and able to sign a lease for the Premises (or a portion thereof); Tenant shall be liable to Landlord for any and all damages suffered by Landlord as a result of such holdover, including any lost rent or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

27.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

27.4. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

27.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

28. Indemnification and Exculpation.

28.1. Tenant agrees to Indemnify the Landlord Indemnitees from and against any and all Claims of any kind or nature, real or alleged, arising from (a) injury to or death of any person or damage to any property occurring within or about the Premises, the Building, the Property or the Project, arising directly or indirectly out of (i) the presence at or use or occupancy of the Premises or Project by a Tenant Party or (ii) an act or omission on the part of any Tenant Party, (b) a breach or default by Tenant in the performance of any of its obligations hereunder (including any Claim asserted by a Lender against any Landlord Indemnitees under any Loan Document as a direct result of such breach or default by Tenant) or (c) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of alcoholic beverages at the Premises or Project, including liability under any dram shop law, host liquor law or similar Applicable Law, except to the extent arising directly from Landlord's negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

28.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses arising from fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time, and (b) damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing to the contrary, except (w) the immediately following sentence, (x) as otherwise provided herein (including Section 27.2), (y) as may be provided by Applicable Laws or (z) in the event of Tenant's breach of Article 21 or Section 26.1; in no event shall Landlord or Tenant be liable to the other for any consequential, special or indirect damages arising from this Lease, including lost profits. This Subsection 28.2(z) shall not limit Tenant's liability for Base Rent or Additional Rent pursuant to this Lease.

28.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party.

28.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses arising from criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage. Tenant's security programs and equipment for the Premises shall be coordinated with Landlord and subject to Landlord's reasonable approval.

28.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

29. Assignment or Subletting.

29.1. Except as hereinafter expressly permitted, none of the following (each, a "Transfer"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed: (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange). For purposes of the preceding sentence, "control" means (f) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (g) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. Notwithstanding the foregoing, Tenant shall have the right to Transfer, without Landlord's prior written consent, Tenant's interest in this Lease or the Premises or any part thereof to (i) any person that as of the

date of determination and at all times thereafter directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Tenant (“Tenant’s Affiliate”) or (ii) any person or any entity with which Tenant is merged or to which all or substantially all of Tenant’s assets or all or substantially all of the ownership interests in Tenant are sold; provided that (in each instance under the foregoing clauses (i) and (ii)) Tenant shall notify Landlord in writing at least thirty (30) days prior to the effectiveness of such Transfer (an “Exempt Transfer”) and otherwise comply with the requirements of this Lease regarding such Transfer; and provided, further, that (except in the case of a proposed sublease to Tenant’s Affiliate) (I) the person that will be the tenant under this Lease after the Exempt Transfer has a net worth (as of both the day immediately prior to and the day immediately after the Exempt Transfer) that is satisfactory to Landlord in its reasonable determination, including without limitation, taking into consideration, for any person that is not currently earning income in excess of its liability, such person’s cash on hand and rate of expenditure of such cash, or (II) the person that will be the tenant under this Lease after the Exempt Transfer provides (y) a security deposit to Landlord in an amount determined by Landlord in its sole and absolute discretion and that is in full compliance with the requirements of Article 11 of this Lease with respect to the Security Deposit or (z) a guaranty of this Lease, in form and substance determined by Landlord in its sole and absolute discretion, by a guarantor that is satisfactory to Landlord in its sole and absolute discretion, including having a net worth that is satisfactory to Landlord in its sole and absolute discretion. For purposes of the immediately preceding sentence, “control” requires both (m) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (n) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. In no event shall Tenant perform a Transfer (other than an Exempt Transfer) to or with an entity that is a tenant at the Project or that is in discussions or negotiations with Landlord or an affiliate of Landlord to lease premises in the Building, except to the extent there is no comparable space available at the Project.

29.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the “Transfer Date”), Tenant shall provide written notice to Landlord (the “Transfer Notice”) containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee satisfying the requirements of Section 40.2 (“Required Financials”); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; copies of Hazardous Materials Documents for the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

29.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to (a) the financial strength of Tenant and of such transferee, assignee or sublessee (notwithstanding Tenant remaining liable for Tenant’s performance), (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises and (c) Landlord’s desire to exercise its rights under Section 29.7 to cancel this Lease. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer if the

Transfer is to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code. Notwithstanding anything in this Lease to the contrary, if (a) Tenant or any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, Lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party's action or omission or use of the property in question or (b) Tenant or any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials, then Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion (with respect to any such matter involving Tenant), and it shall not be unreasonable for Landlord to withhold its consent to any proposed transfer, assignment or subletting (with respect to any such matter involving a proposed transferee, assignee or sublessee).

29.4. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

(a) Tenant shall remain fully liable under this Lease. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

(b) If Tenant or the proposed transferee, assignee or sublessee does not or cannot deliver the Required Financials, then Landlord may elect to have either Tenant's ultimate parent company or the proposed transferee's, assignee's or sublessee's ultimate parent company provide a guaranty of the applicable entity's obligations under this Lease, in a form acceptable to Landlord, which guaranty shall be executed and delivered to Landlord by the applicable guarantor prior to the Transfer Date;

(c) In the case of an Exempt Transfer, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the Transfer qualifies as an Exempt Transfer;

(d) Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(e) Tenant shall reimburse Landlord for Landlord's actual costs and expenses up to a maximum of \$5,000.00, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

(f) Except with respect to an Exempt Transfer, if Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord, after making deductions for any reasonable and customary transaction costs such as marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(g) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default beyond applicable notice and cure periods under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

(h) Landlord's consent to any such Transfer shall be effected on Landlord's forms;

(i) Tenant shall not then be in default of any monetary obligation or any material non-monetary obligation hereunder in any respect;

(j) Tenant shall not then be in Default of any nonmaterial, nonmonetary obligation;

(k) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

- (l) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;
- (m) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;
- (n) Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer;
- (o) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and
- (p) Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 21.2.

29.5. Any Transfer that is not in compliance with the provisions of this Article or with respect to which Tenant does not fulfill its obligations pursuant to this Article shall be void and shall, at the option of Landlord, terminate this Lease.

29.6. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

29.7. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee, other than pursuant to an Exempt Transfer, then Landlord shall have the option, exercisable by giving notice to Tenant at any time within thirty (30) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof, provided, however, that Landlord's right to so terminate shall be limited to the portion of the Premises proposed to be transferred if less than fifty percent (50%) of the Rentable Area of the Premises (and in such event, if for less than seventy five percent (75%) of the remainder of the Term, Landlord's right to so terminate shall be limited to the term of such proposed sublease). If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

29.8. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

29.9. In the event that Tenant enters into a sublease for the entire Premises in accordance with this Article that expires within two (2) days of the Term Expiration Date, the term expiration date of such sublease shall, notwithstanding anything in this Lease, the sublease or any consent to the sublease to the contrary, be deemed to be the date that is two (2) days prior to the Term Expiration Date.

30. Subordination and Attornment.

30.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination; provided that with respect to any future liens of any mortgage or other lien hereafter granted, this Lease shall not be subject and subordinate to such future mortgage or lien, unless Tenant is provided with a subordination, non-disturbance and attornment agreement between such future mortgagee and Tenant in such form as such mortgagee may reasonably request; provided such form is substantially consistent with the provisions of this Section 30.1 in which the mortgagee agrees that such mortgagee shall not disturb Tenant in its possession of the Premises under the terms of this Lease upon (i) Tenant's execution thereof, (ii) attornment to such mortgagee as Landlord, and (iii) performance of its Lease covenants (which conditions Tenant agrees with all mortgagees to perform).

30.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any Lender so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. For the avoidance of doubt, "Lenders" shall also include historic tax credit investors and new market tax credit investors.

30.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a Lender incident to the financing of the real property of which the Premises constitute a part.

30.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the

Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease

31. Defaults and Remedies.

31.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within three (3) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of five percent (5%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "Default Rate") equal to the lesser of (a) twelve percent (12%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent or within five (5) business days after Landlord's demand, whichever is earlier. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

31.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

31.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described in Section 31.4, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act; provided that such failure by Tenant unreasonably interfered with the use of the Building or the Project by any other tenant or with the efficient operation of the Building or the Project, or resulted or could have resulted in a violation of Applicable Laws or the cancellation of an insurance policy maintained by Landlord. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 31.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

31.4. The occurrence of any one or more of the following events shall constitute a “Default” hereunder by Tenant:

(a) If Tenant abandons the Premises;

(b) Tenant fails to make any payment of Rent, as and when due, or to satisfy its obligations under Article 19, where such failure shall continue for a period of three (3) business days after written notice thereof from Landlord to Tenant;

(c) Tenant fails to observe or perform any obligation or covenant contained herein (other than described in Sections 31.4(a) and 31.4(b)) to be performed by Tenant, where such failure continues for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant’s default is such that it reasonably requires more than thirty (30) days to cure, Tenant shall not be deemed to be in Default if Tenant commences such cure within such thirty (30) day period and thereafter diligently prosecutes the same to completion; and provided, further, that such cure is completed no later than ninety (90) days after Tenant’s receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant’s assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the “Bankruptcy Code”) or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition is filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) Tenant’s interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

31.5. In the event of a Chronic Delinquency (as defined below), Landlord may, in addition to all other remedies under this Lease, at law or in equity, require that Tenant thereafter pay Rent quarterly in advance. This provision shall not limit in any way nor be construed as a waiver of Landlord’s rights and remedies contained in this Lease, at law or in equity in the event of a default. “Chronic Delinquency” means that Tenant commits a Default pursuant to Section 31.4(b) three (3) times in any twelve (12) month period.

31.6. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord has the right to do any or all of the following:

- (a) Halt any Tenant Improvements and Alterations and order Tenant's contractors, subcontractors, consultants, designers and material suppliers to stop work;
- (b) Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby; and
- (c) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then upon such termination, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including the sum of:
 - (i) The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus
 - (ii) The costs of restoring the Premises to the condition required under the terms of this Lease; plus
 - (iii) An amount (the "Election Amount") equal to either (A) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "Discount Rate") or (B) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

As used in "worth at the time of award" shall be computed by allowing interest at the Default Rate.

31.7. In addition to any other remedies available to Landlord at law or in equity and under this Lease, unless and until Landlord elects to terminate this Lease, Landlord may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

- (a) Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or
- (b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

31.8. If Landlord does not elect to terminate this Lease as provided in Section 31.6, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

31.9. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

- (a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;
- (b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;
- (c) Third, to the payment of Rent and other charges due and unpaid hereunder; and
- (d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

31.10. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of

such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to (a) lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion and (b) develop the Project in a harmonious manner with a mix of uses, tenants, floor areas, terms of tenancies, etc., as determined by Landlord. Landlord shall not be obligated to relet the Premises to (y) any Tenant's Affiliate or (z) any party (i) unacceptable to a Lender, (ii) that requires Landlord to make improvements to or re-demise the Premises, (iii) that desires to change the Permitted Use, (iv) that desires to lease the Premises for more or less than the remaining Term or (v) to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

31.11. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (y) the date of Lease termination and (z) the date Tenant surrenders possession of the Premises.

31.12. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

31.13. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. If Landlord fails to commence to cure any default by Landlord within the period provided above in this paragraph and if, as a result the default, Tenant is incapable despite commercially reasonable efforts to continue operations within the Premises, Tenant may give Landlord an additional written notice confirming that the default has not been cured and that Tenant intends to cure such default, and, if Landlord fails to cure such default within thirty (30) days after such notice, Tenant may take such steps within the confines of its Premises as are reasonably appropriate to cure the default and seek to recover from Landlord the reasonable cost of such cure. Tenant shall have no right to perform any obligation of Landlord in lieu of Landlord to the extent the same involves or may impact any base building system, any structural element of the Building, or any area of the Building outside of the Premises, including, without limitation, the Common Area or the

premises of any other tenant or occupant of the Building (collectively, the “Excluded Systems/Areas”). Landlord’s liability to keep, maintain, and repair shall always be limited to the cost of making such repair or accomplishing such maintenance or repair and Landlord shall not be liable for any consequential or any indirect damages. In no event shall Tenant have the right to terminate this Lease or offset from Rent as a result of Landlord’s default. Notwithstanding the above provisions of this Section 31.13 to the contrary, in emergency situations such that the prior written notice to Landlord provided for above is not practical, Tenant may, upon such shorter period of written notice or contemporaneous written and oral notice as is appropriate under the circumstances, and excluding in all instances any work or access to Excluded Systems/Areas, take such steps as are reasonably appropriate to cure the default, in which event Tenant’s rights with respect to recovering the cost of such cure shall be as provided above.

31.14. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Building or the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

32. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant’s obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion:

32.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of “adequate assurance,” even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

32.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

32.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

32.4. The assumption or assignment of all of Tenant’s interest and obligations under this Lease.

33. Brokers.

33.1 Tenant represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Cushman & Wakefield (“Broker”), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

33.2 Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant’s decision to enter into this Lease, other than as contained in this Lease.

33.3 Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant’s representations, warranties and agreements contained within Sections 33.1 and 33.2.

33.4 Tenant agrees to Indemnify the Landlord Indemnitees from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant.

34. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term “Landlord,” as used in this Lease, shall refer only to Landlord or Landlord’s then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord’s interest in this Lease or in Landlord’s fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord’s in this Lease or in Landlord’s fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Notwithstanding the foregoing, in the event the Building is sold or transferred during the Term, Landlord shall so notify Tenant in writing, and Landlord and any such successor-in-interest shall each execute a written assignment and assumption agreement, whereby Landlord will assign this Lease and the successor-in-interest will assume all of Landlord’s obligations hereunder from and after such transfer. Landlord shall provide a copy of any such assignment to Tenant upon Tenant’s written request. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant’s consent.

35. Limitation of Landlord’s Liability.

35.1 If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, except as specifically provided in Section 11.6(d) hereof,

the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project, (b) rent or other income from such real property receivable by Landlord, (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Building or the Project.

35.2 Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord's obligations or any deficiency under this Lease, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord or any of Landlord's affiliates. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner or member of Landlord except as may be necessary to secure jurisdiction of the partnership, joint venture or limited liability company, as applicable. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates.

35.3 Each of the covenants and agreements of this Article shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

36. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then:

36.1. Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Agreement as Tenant; and

36.2. The term "Tenant," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from, notice to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

37. Representations. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so and (e) neither (i)

the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

38. Confidentiality. Tenant shall keep the terms and conditions of this Lease and any information provided to Tenant or its employees, agents or contractors pursuant to Article 9 confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or the contents of any documents, reports, surveys or evaluations related to the Project or any portion thereof or (b) provide to any third party an original or copy of this Lease (or any Lease-related document or other document referenced in Subsection 38(a)). Landlord shall not release to any third party any non-public financial information or non-public information about Tenant’s ownership structure that Tenant gives Landlord. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party’s attorneys, accountants, brokers, lenders, potential lenders, investors, potential investors and other bona fide consultants or advisers (with respect to this Lease only); provided such third parties agree to maintain the confidentiality of such information pursuant to an executed confidentiality agreement containing the same material requirements as this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree to maintain the confidentiality of such information pursuant to an executed confidentiality agreement containing the same material requirements as this Section.

39. Notices . Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 39(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 39(a); (y) one (1) business day after deposit with a reputable international overnight delivery service, if given in accordance with Subsection 39(b); or (z) upon transmission, if given in accordance with Subsection 39(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given

pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Sections 2.9 and 2.10 or 2.11, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

40. Miscellaneous.

40.1. Landlord reserves the right to change the name of the Building or the Project in its sole discretion.

40.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall furnish to Landlord, from time to time, within ten (10) business days after receipt of Landlord's written request, the most recent year-end unconsolidated financial statements reflecting Tenant's current financial condition audited by a nationally recognized accounting firm. Tenant shall, within ninety (90) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's year-end unconsolidated financial statements for the previous year audited by a nationally recognized accounting firm. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects. If audited financials are not otherwise prepared, unaudited financials complying with generally accepted accounting principles and certified by the chief financial officer of Tenant as true, correct and complete in all respects shall suffice for purposes of this Section. If Tenant fails to deliver to Landlord any financial statement within the time period required under this Section, then Tenant shall be required to pay to Landlord an administrative fee equal to Five Hundred Dollars (\$500) within five (5) business days after receiving written notice from Landlord advising Tenant of such failure (provided, however, that Landlord's acceptance of such fee shall not prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity). The provisions of this Section shall not apply at any time while Tenant is a corporation whose shares are traded on any nationally recognized stock exchange.

40.3. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

40.4. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement.

40.5. Upon the request of either Landlord or Tenant, the parties shall execute a document in recordable form containing only such information as is necessary to constitute a Notice of Lease under Massachusetts law. All costs of preparing and recording such notice shall be borne by the requesting party. Within ten (10) days after receipt of written request from Landlord after the expiration or earlier termination of this Lease, Tenant shall execute a termination of any Notice of Lease recorded with respect hereto. Neither party shall record this Lease.

40.6. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The words “include,” “includes,” “included” and “including” mean “include,” etc., without limitation.” The word “shall” is mandatory and the word “may” is permissive. The word “business day” means a calendar day other than any national or local holiday on which federal government agencies in the County of Middlesex are closed for business, or any weekend. The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

40.7. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party’s performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising from or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys’ fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed). In addition, Landlord shall, upon demand, be entitled to all reasonable attorneys’ fees and all other reasonable costs incurred in the preparation and service of any notice or demand hereunder, regardless of whether a legal action is subsequently commenced, or incurred in connection with any contested matter or other proceeding in bankruptcy court concerning this Lease.

40.8. Time is of the essence with respect to the performance of every provision of this Lease.

40.9. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

40.10. Notwithstanding anything to the contrary contained in this Lease, Tenant’s obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

40.11. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

40.12. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

40.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

40.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

40.15. Landlord and Tenant each guarantee, warrant and represent that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

40.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

40.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

40.18. No waiver of any term, covenant or condition of this Lease shall be binding upon either party unless executed in writing by both parties. The waiver by either party of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

40.19. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising from or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

40.20. The parties agree to execute a Notice of Lease substantially in the form attached hereto as Exhibit J and to record such notice with the Middlesex County South Registry of Deeds promptly after the Term Commencement Date.

41. Rooftop Installation Area.

41.1. Tenant may use those portions of the Building approved by Landlord (the "Rooftop Installation Area") solely to operate, maintain, repair and replace rooftop antennae, mechanical equipment, communications antennae and other equipment installed by Tenant in the Rooftop Installation Area in accordance with this Article ("Tenant's Rooftop Equipment").

Tenant's Rooftop Equipment shall be only for Tenant's use of the Premises for the Permitted Use.

41.2. Tenant shall install Tenant's Rooftop Equipment at its sole cost and expense, at such times and in such manner as Landlord may reasonably designate, and in accordance with this Article and the applicable provisions of this Lease regarding Alterations. Tenant's Rooftop Equipment and the installation thereof shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld. Among other reasons, Landlord may withhold approval if the installation or operation of Tenant's Rooftop Equipment could reasonably be expected to damage the structural integrity of the Building or to transmit vibrations or noise or cause other adverse effects beyond the Premises to an extent not customary in first class laboratory buildings, unless Tenant implements measures that are acceptable to Landlord in its reasonable discretion to avoid any such damage or transmission.

41.3. Tenant shall comply with any roof or roof-related warranties. Tenant shall obtain a letter from Landlord's roofing contractor within thirty (30) days after completion of any Tenant work on the rooftop stating that such work did not affect any such warranties. Tenant, at its sole cost and expense, shall inspect the Rooftop Installation Area at least annually, and correct any loose bolts, fittings or other appurtenances and repair any damage to the roof arising from the installation or operation of Tenant's Rooftop Equipment. Tenant shall not permit the installation, maintenance or operation of Tenant's Rooftop Equipment to violate any Applicable Laws or constitute a nuisance. Tenant shall pay Landlord within thirty (30) days after demand (a) all applicable taxes, charges, fees or impositions imposed on Landlord by Governmental Authorities as the result of Tenant's use of the Rooftop Installation Areas in excess of those for which Landlord would otherwise be responsible for the use or installation of Tenant's Rooftop Equipment and (b) the amount of any increase in Landlord's insurance premiums as a result of the installation of Tenant's Rooftop Equipment. Upon Tenant's written request to Landlord, Landlord shall use commercially reasonable efforts to cause other tenants to remedy any interference in the operation of Tenant's Rooftop Equipment arising from any such tenants' equipment installed after the applicable piece of Tenant's Rooftop Equipment; provided, however, that Landlord shall not be required to request that such tenants waive their rights under their respective leases.

41.4. If Tenant's Equipment (a) causes physical damage to the structural integrity of the Building, (b) interferes with any telecommunications, mechanical or other systems located at or near or servicing the Building or the Project that were installed prior to the installation of Tenant's Rooftop Equipment, (c) interferes with any other service provided to other tenants in the Building or the Project by rooftop or penthouse installations that were installed prior to the installation of Tenant's Rooftop Equipment or (d) interferes with any other tenants' business, in each case in excess of that permissible under Federal Communications Commission regulations, then Tenant shall cooperate with Landlord to determine the source of the damage or interference and promptly repair such damage and eliminate such interference, in each case at Tenant's sole cost and expense, within ten (10) days after receipt of notice of such damage or interference (which notice may be oral; provided that Landlord also delivers to Tenant written notice of such damage or interference within twenty-four (24) hours after providing oral notice).

41.5. Landlord reserves the right to cause Tenant to relocate Tenant's Rooftop Equipment to comparably functional space on the roof or in the penthouse of the Building by giving Tenant prior written notice thereof. Landlord agrees to pay all third party costs incurred by Tenant in connection with such relocation. Tenant shall arrange for the relocation of Tenant's Rooftop Equipment within sixty (60) days after receipt of Landlord's notification of such relocation. In the event Tenant fails to arrange for relocation within such sixty (60)-day period, Landlord shall have the right to arrange, at Landlord's sole cost and expense, for the relocation of Tenant's Rooftop Equipment in a manner that does not unnecessarily interrupt or interfere with Tenant's use of the Premises for the Permitted Use.

42. Option to Extend Term. Tenant shall have two (2) options (each, an "Option") to extend the Term by five (5) years each as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to an Option shall be on all the same terms and conditions as this Lease, except as follows:

42.1. Base Rent at the commencement of each Option term shall equal the then-current fair market value for comparable office and laboratory space in the East Cambridge submarket of comparable age, quality, level of finish and proximity to amenities and public transit, and containing the systems and improvements present in the Premises as of the date that Tenant gives Landlord written notice of Tenant's election to exercise such Option ("FMV"), and in each case shall be increased on each annual anniversary of the Option term commencement date by three percent (3%). Tenant may, no more than twelve (12) months prior to the date the Term is then scheduled to expire, request Landlord's estimate of the FMV for the next Option term. Landlord shall, within fifteen (15) days after receipt of such request, give Tenant a written proposal of such FMV. If Tenant gives written notice to exercise an Option, such notice shall specify whether Tenant accepts Landlord's proposed estimate of FMV. If Tenant does not accept the FMV, then the parties shall endeavor to agree upon the FMV, taking into account all relevant factors, including (v) the size of the Premises, (w) the length of the Option term, (x) rent in comparable buildings in the relevant submarket, including concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (y) Tenant's creditworthiness and (z) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV within thirty (30) days after Tenant notifies Landlord that Tenant is exercising an Option, then either party may request that the same be determined as follows: a senior officer of a nationally recognized leasing brokerage firm with local knowledge of the East Cambridge laboratory/research and development leasing submarket (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the local chapter of the Judicial Arbitration and Mediation Services or any successor organization thereto (the "JAMS"). The Baseball Arbitrator selected by the parties or designated by JAMS shall (y) have at least ten (10) years' experience in the leasing of laboratory/research and development space in the East Cambridge submarket and (z) not have been employed or retained by either Landlord or Tenant or any affiliate of either for a period of at least ten (10) years prior to appointment pursuant hereto. Each of Landlord and Tenant shall submit to the Baseball Arbitrator and to the other party its determination of the FMV. The Baseball Arbitrator shall grant to Landlord and Tenant a hearing and the right to submit

evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the actual FMV. The arbitrator may not select any other FMV for the Premises other than one submitted by Landlord or Tenant. The FMV selected by the Baseball Arbitrator shall be binding upon Landlord and Tenant and shall serve as the basis for determination of Base Rent payable for the applicable Option term. If, as of the commencement date of an Option term, the amount of Base Rent payable during the Option term shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable with respect to the last year of the then-current Term. After the final determination of Base Rent payable for the Option term, the parties shall promptly execute a written amendment to this Lease specifying the amount of Base Rent to be paid during the applicable Option term. Any failure of the parties to execute such amendment shall not affect the validity of the FMV determined pursuant to this Section.

42.2. No Option is assignable separate and apart from this Lease.

42.3. An Option is conditional upon Tenant giving Landlord written notice of its election to exercise such Option at least fifteen (15) months prior to the end of the expiration of the then-current Term. Time shall be of the essence as to Tenant's exercise of an Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise an Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of an Option after the date provided for in this Section.

42.4. Notwithstanding anything contained in this Article to the contrary, Tenant shall not have the right to exercise an Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 31 of the Lease and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or

(c) In the event that Tenant has defaulted in the performance of its obligation to pay Base Rent or Additional Rent two (2) or more times during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise the Option, whether or not Tenant has cured such defaults; or

(d) In the event that Tenant has been in Default of any material non-monetary obligations under this Lease two (2) or more times during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise the Option, whether or not Tenant has cured such defaults; or

(e) In the event that Tenant is subleasing more than fifty percent (50%) of the Rentable Area of the Premises as of the date that (i) Tenant exercises the Option or (ii) the first day of the applicable Option term to any entity other than an Affiliate of Tenant.

42.5. The period of time within which Tenant may exercise the Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 42.4.

42.6. All of Tenant's rights under the provisions of an Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of such Option if, after such exercise, but prior to the commencement date of the new term Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, whether or not Tenant has cured such default.

43. Right of First Offer. Subject to any other parties' pre-existing rights with respect to Available ROFO Premises (as defined below) and the provisions of Section 43.8, Tenant shall have a right of first offer ("ROFO") as to any rentable office and/or lab premises on the first (1st) floor or third (3rd) floor in the Building for which Landlord is seeking a tenant ("Available ROFO Premises"); provided, however, that in no event shall Landlord be required to lease any Available ROFO Premises to Tenant for any period past the date on which this Lease expires or is terminated pursuant to its terms. To the extent that Landlord renews or extends a then-existing lease with any then-existing tenant or subtenant of any space, or enters into a new lease with such then-existing tenant or subtenant, the affected space shall not be deemed to be Available ROFO Premises. In the event Landlord intends to market and lease Available ROFO Premises, Landlord shall provide written notice thereof to Tenant (the "Notice of Marketing"). The Notice of Marketing shall include the base rental rate (which shall be the FMV of the Available ROFO Premises), the lease term, and the tenant improvement allowance (if any).

43.1. Within ten (10) business days following its receipt of a Notice of Marketing, Tenant shall advise Landlord in writing whether Tenant elects to lease all (not just a portion) of the Available ROFO Premises upon the terms and conditions set forth therein. If Tenant fails to notify Landlord of Tenant's election within such ten (10) business day period, then Tenant shall be deemed to have elected not to lease the Available ROFO Premises.

43.2. If Tenant timely notifies Landlord that Tenant elects to lease all of the Available ROFO Premises on the terms and conditions stated in the Notice of Offer (other than Landlord's proposed FMV for the Available ROFO Premises) but Tenant does not accept Landlord's proposed estimate of FMV for the Available ROFO Premises, then the parties shall endeavor to agree upon the FMV for the Available ROFO Premises, taking into account all relevant factors, including, but not limited to, (a) the size of the Available ROFO Premises, (b) the length of the term of the lease, (c) rent in comparable buildings for office and laboratory space in the East Cambridge, Massachusetts submarket, including market escalations and concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (d) Tenant's creditworthiness and (e) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV for the Available ROFO Premises within thirty (30) days after Tenant notifies Landlord that Tenant is exercising the ROFO, then either party may request that the same be determined using a Baseball Arbitrator as set forth in Section 42.1 above. Following resolution of the FMV for the Available ROFO Premises pursuant to this Section 43.2, Landlord shall lease the Available ROFO Premises to Tenant upon the terms and conditions set forth in the Notice of Availability (other than the base rental rate) with the base

rental rate of FMV as determined pursuant to this Section 43.2 and the parties shall promptly execute a written amendment to this Lease memorializing the parties agreement with respect to the Available ROFO Premises.

43.3. If (a) Tenant notifies Landlord that Tenant elects not to lease the Available ROFO Premises, or (b) Tenant fails to notify Landlord of Tenant's election within the ten (10) business day period described above, then Landlord shall have the right to consummate a lease of the Available ROFO Premises at a net effective rent not less than ninety-five percent (95%) of the net effective rent stated in the Notice of Marketing, if applicable, and Tenant's ROFO under this Lease shall expire. For purposes of this Article, "Net Effective Rent" shall mean the net present value (using the same discount factor in each case) of the aggregate consideration, determined on an average annual basis, payable to Landlord under the proposal at issue (i.e., either the Notice of Offer or the offer to another party, as the case may be), taking into account all base rent, additional rent, free rent, tenant improvement or other allowances, the cost of any work performed in the Available ROFO Premises by Landlord at its expense, the length of lease term, and all other relevant economic terms, as the same may be modified by Landlord to account for the other tenant-party's financial strength. In the event the Net Effective Rent decreases by more than five percent (5%) or the Landlord otherwise changes the business terms from those set forth in the Notice of Offer in a manner materially more favorable to a third party (including, without limitation, offering a third party more or less space than was offered to Tenant), Landlord shall re-offer the Available ROFO Premises (or the same portion that was offered to the third party) to Tenant in the same manner as provided in this Article 43, provided however, when comparing the relevant economic terms in the Notice of Offer and the deal between the Landlord and the third party, the parties shall agree upon the monetary value of any items included in the deal between the Landlord and the third party that were not included in the Notice of Offer (for example, brokerage fees, allowances, the value of any different rental amounts for different term lengths, etc.) when determining the Net Effective Rent to be paid by Tenant under the reoffered proposal (the "Reoffer Proposal"). Tenant must respond to Landlord within seven (7) days of the date Tenant receives the Reoffer Proposal.

43.4. Notwithstanding anything in this Article to the contrary, Tenant shall not exercise the ROFO during such period of time that Tenant is in default under any provision of this Lease. Any attempted exercise of the ROFO during a period of time in which Tenant is so in default shall be void and of no effect. In addition, Tenant shall not be entitled to exercise the ROFO if Landlord has given Tenant two (2) or more notices of default under this Lease, whether or not the defaults are cured, during the twelve (12) month period prior to the date on which Tenant seeks to exercise the ROFO.

43.5. Notwithstanding anything in this Lease to the contrary, Tenant shall not assign or transfer the ROFO, either separately or in conjunction with an assignment or transfer of Tenant's interest in the Lease, without Landlord's prior written consent (except in connection with an Exempt Transfer), which consent Landlord may withhold in its sole and absolute discretion, provided that Landlord shall consent if the proposed assignee has the financial capacity and wherewithal to perform the remaining obligations of Tenant under the Lease.

43.6. If Tenant exercises the ROFO, Landlord does not guarantee that the Available ROFO Premises will be available on the anticipated commencement date for the Lease as to such Premises due to a holdover by the then-existing occupants of the Available ROFO Premises or for any other reason beyond Landlord's reasonable control.

43.7. At the time Tenant exercises the ROFO, Tenant shall not then be subleasing more than fifty percent (50%) of the Rentable Area of the Premises to any entity other than an Affiliate of Tenant.

43.8. From the Term Commencement Date until January 31, 2025, Tenant's ROFO with respect to any Available ROFO Premises on the third (3rd) floor of the Building shall be subject to Tenant having a market capitalization (based on a 30-day average value) equal to or exceeding One Billion Dollars (\$1,000,000,000) (the "Financial Threshold") on the date that Landlord provides the Notice of Marketing. In addition, Tenant's market capitalization (based on a 30-day average value) shall be at least 95% of the Financial Threshold on the execution date of the written amendment regarding the Available ROFO Premises. From and after January 31, 2025, the Financial Threshold required with respect to Tenant's ROFO on the third (3rd) floor shall be deemed to be increased to Two Billion Dollars (\$2,000,000,000) for the remainder of the Term. For the avoidance of doubt, the Financial Threshold shall not apply to Tenant's ROFO with respect to any Available ROFO Premises on the first (1st) floor of the Building.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease as a sealed Massachusetts instrument as of the date first above written.

LANDLORD:

BMR-ROGERS STREET LLC,
a Delaware limited liability company

By: /s/ William Kane
Name: William Kane
Title: EVP East Coast & UK Markets

TENANT:

CYCLERION THERAPEUTICS, INC.
a Massachusetts corporation

By: /s/ William Huyett
Name: William Huyett
Title: CFO

INFORMATION STATEMENT
CYCLERION THERAPEUTICS, INC.

This information statement is being furnished to you as a holder of common stock of Ironwood Pharmaceuticals, Inc., or Ironwood, in connection with the distribution of shares of common stock of Cycleron Therapeutics, Inc., or Cycleron. Cycleron is a wholly owned subsidiary of Ironwood that will hold, directly or indirectly, assets and liabilities related to Ironwood's soluble guanylate cyclase, or sGC, stimulators business. To implement the distribution, Ironwood will distribute all of the outstanding shares of Cycleron common stock on a pro rata basis to holders of Ironwood common stock in a manner that is intended to be tax-free for U.S. federal income tax purposes.

You will receive one share of Cycleron common stock for every 10 shares of Ironwood common stock held of record by you as of the close of business on March 19, 2019, the record date for the distribution. Registered holders of Ironwood common stock will receive cash in lieu of any fractional shares of Cycleron common stock that those holders would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of Ironwood common stock in the "regular way" market after the record date and before the distribution, you also will be selling your right to receive shares of Cycleron common stock in connection with the distribution. Cycleron expects the shares of Cycleron common stock to be distributed by Ironwood to you on April 1, 2019. The date of distribution of Cycleron common stock is referred to in this information statement as the "distribution date."

No vote of Ironwood stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Ironwood a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of Ironwood common stock or take any other action to receive your shares of Cycleron common stock.

In connection with the distribution, Cycleron has entered into a common stock purchase agreement pursuant to which, upon the completion of the distribution, certain investors will make an aggregate cash investment in Cycleron of up to \$175.0 million in exchange for shares of Cycleron common stock. This transaction is referred to in this information statement as the "private placement." See "Certain Relationships and Related Party Transactions—Private Placement."

There is no current trading market for Cycleron common stock. Cycleron expects that a limited market, commonly known as a "when issued" trading market, will develop on or shortly before the record date for the distribution, and that "regular way" trading of Cycleron common stock will begin on the first trading day following the completion of the distribution. Cycleron has applied to have its common stock listed on the Nasdaq Global Market under the symbol "CYCN."

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we will be subject to reduced public company reporting requirements.

In reviewing this information statement, you should carefully consider the matters described under the caption "*Risk Factors*" beginning on page 20.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

A Notice of Internet Availability of Information Statement Materials containing instructions for how to access this information statement is first being mailed to Ironwood stockholders on or about March 15, 2019.

This information statement will be mailed to Ironwood stockholders who previously elected to receive a paper copy of Ironwood's materials.

The date of this information statement is March 14, 2019.

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PRESENTATION OF INFORMATION

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Cycleron assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.

Unless the context otherwise requires, references in this information statement to the following terms shall have the following respective meanings:

- “Ironwood” refers to Ironwood Pharmaceuticals, Inc., a Delaware corporation, and its consolidated subsidiaries;
- “distribution” refers to the distribution by Ironwood to Ironwood stockholders of record as of the record date of all of the outstanding shares of Cycleron, as further described in this information statement;
- “sGC” refers to soluble guanylate cyclase;
- “sGC business” includes Ironwood’s sGC stimulators business, including certain additional assets and liabilities associated with Ironwood’s pipeline programs related to sGC stimulators;
- “separation” refers to the separation of Ironwood’s sGC business from Ironwood’s other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Cycleron, that holds the sGC business, as further described in this information statement; and
- “Cycleron,” “we,” “us,” “our,” “our company” and “the company” refer to Cycleron, a Massachusetts corporation, together with its subsidiaries, as the context requires, in each case as they will exist, assuming the completion of all the transactions referred to in this information statement in connection with the separation and the distribution.

This information statement describes the businesses to be transferred to Cycleron by Ironwood in the separation as if the transferred businesses were Cycleron’s businesses for all historical periods described. References in this information statement to Cycleron’s historical assets, liabilities, products, businesses or activities of Cycleron’s business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Ironwood prior to the separation.

You should not assume that the information contained in this information statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and we undertake no obligation to update the information, except in the normal course of our public disclosure obligations or as required by applicable law.

Websites described in this information statement and the content therein or connected thereto shall not be deemed incorporated into this information statement.

Trademarks, Trade Names and Service Marks

Cycleron owns or has rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business, including CYCLERION and CYCLERION THERAPEUTICS, which may be registered or trademarked in the United States and other jurisdictions. Cycleron’s rights to its trademarks may be limited to select markets. Each trademark, trade name or service mark of any other company appearing in this information statement is, to Cycleron’s knowledge, owned by such other company.

Industry and Other Data

We obtained the industry and market data in this information statement from our own internal estimates and from industry and general publications and research, surveys, studies and trials conducted by third parties. We are responsible for all of the disclosure contained in this information statement, and we believe that this third-party data is generally reliable; however, we have not independently verified industry and market data from third-party sources. In addition, while we believe our estimates are reliable, they have not been verified by any independent source.

Estimates in this information statement of the patient populations for the diseases that we are targeting are based on published estimates of the rates of incidence of the diseases from scientific and general publications and research, surveys and studies conducted by third parties that we consider to be reliable, although such publications do not guarantee the accuracy or completeness of this information.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Cycleron and why is Ironwood separating Cycleron's business and distributing Cycleron's common stock?

Cycleron, which is currently a wholly owned subsidiary of Ironwood, was formed to hold Ironwood's sGC business. The separation of Cycleron from Ironwood and the distribution of Cycleron common stock are intended to provide you with equity investments in two separate, independent public companies, each of which is able to focus on its respective business strategies. Ironwood and Cycleron believe the separation will enable each business to pursue focused growth and investment strategies in its respective therapeutic areas of expertise resulting in the enhanced long-term performance of each business, as discussed in "The Separation and Distribution—Overview" and "The Separation and Distribution—Reasons for the Separation."

Why am I receiving this document?

Ironwood is delivering this information statement to you because you are a holder of record of shares of Ironwood common stock. If you remain a holder of shares of Ironwood common stock as of the close of business on March 19, 2019, you will be entitled to receive one share of Cycleron common stock for every 10 shares of Ironwood common stock that you held of record at the close of business on such date. This information statement will help you understand how the separation will affect your investment in Ironwood and your investment in Cycleron after the distribution.

How will the separation of Cycleron from Ironwood work?

To accomplish the separation, Ironwood will distribute all of the outstanding shares of Cycleron common stock to Ironwood stockholders on a pro rata basis.

Why is the separation of Cycleron structured as a distribution?

Ironwood believes that a tax-free distribution for U.S. federal income tax purposes of shares of Cycleron common stock to the Ironwood stockholders is an efficient way to separate its sGC business in a manner that will create long-term value for Ironwood, Cycleron and their respective shareholders. For more information, see "The Separation and Distribution—Conditions to the Distribution."

What is the record date for the distribution?

The record date for the distribution will be March 19, 2019.

When will the distribution occur?

It is expected that all of the shares of Cycleron common stock will be distributed by Ironwood on April 1, 2019, to holders of record of Ironwood common stock at the close of business on March 19, 2019. We refer to the date on which shares of Cycleron common stock are distributed as the “distribution date.”

What do stockholders need to do to participate in the distribution?

Nothing. **Stockholders of Ironwood as of the record date will not be required to take any action to receive Cycleron common stock, but are urged to read this entire information statement carefully.** No stockholder approval of the distribution is required or sought. **Therefore, you are not being asked for a proxy to vote on the separation, and you are requested not to send us a proxy.** You will neither be required to pay anything for the shares of Cycleron common stock nor be required to surrender any shares of Ironwood common stock to participate in the distribution. **Please do not send in your Ironwood stock certificates.**

The distribution will not affect the number of outstanding shares of Ironwood common stock or any rights of Ironwood stockholders, although it will affect the market value of each outstanding share of Ironwood common stock. See “Questions and Answers about the Separation and Distribution—Will the distribution affect the market price of my Ironwood common stock?” for more information.

How will Ironwood distribute shares of Cycleron common stock?

Registered stockholders: If you are a registered stockholder (meaning you hold physical Ironwood stock certificates or you own your shares of Ironwood common stock directly through an account with Ironwood’s transfer agent, Computershare Trust Company, N.A., or Computershare), the distribution agent will credit the number of whole shares of Cycleron common stock you receive in the distribution to your book-entry account on or shortly after the distribution date, and the distribution agent will mail you a check for any cash in lieu of fractional shares you are entitled to receive.

“Street name” or beneficial stockholders: If you own your shares of Ironwood common stock beneficially through a bank, broker or other nominee, your bank, broker or other nominee will credit your account with the number of whole shares of Cycleron common stock you receive in the distribution on or shortly after the distribution date. Please contact your bank, broker or other nominee for further information about your account.

We will not issue any physical stock certificates to any stockholders receiving shares in the distribution, unless requested through Computershare. See “The Separation and Distribution—When and How You Will Receive the Distribution” for more information.

How many shares of Cycleron common stock will I receive in the distribution?

Ironwood will distribute to you one share of Cycleron common stock for every 10 shares of Ironwood common stock you hold of record as of the close of business on March 19, 2019, the record date. Based on approximately 155,488,389 shares of Ironwood common stock outstanding as of February 25, 2019, a total of approximately 15,548,838 shares of Cycleron common stock will be distributed. For more information, see “The Separation and Distribution—The Number of Shares of Cycleron Common Stock You Will Receive.”

Will Cycleron issue fractional shares in the distribution?

Cycleron will not distribute fractional shares of its common stock in the distribution. Instead, all fractional shares that Ironwood registered stockholders would otherwise have been entitled to receive will be aggregated into whole shares and sold in the open market by the distribution agent. We expect the distribution agent, acting on behalf of Ironwood, to take about two weeks after the distribution date to fully distribute the aggregate net cash proceeds of these sales on a pro rata basis (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. For more information, see “The Separation and Distribution—The Number of Shares of Cycleron Common Stock You Will Receive.”

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by Ironwood in its sole and absolute discretion) of a number of conditions to be set forth in the separation agreement, including, among others:

- the SEC declaring effective Cycleron's registration statement on Form 10 of which this information statement forms a part, and no stop order relating to the registration statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC, and the distribution of the information statement (or the Notice of Internet Availability of the Information Statement) to all holders of record of shares of Ironwood common stock as of the close of business on the record date;
- the shares of Cycleron common stock to be distributed shall have been accepted for listing by Nasdaq, subject to official notice of distribution;
- the receipt and continuing validity of either (i) a private letter ruling from the Internal Revenue Service, or the IRS, and an opinion from KPMG LLP, both satisfactory to Ironwood's board of directors, together confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended, or the "Code," or (ii) an opinion of KPMG LLP, satisfactory to Ironwood's board of directors, confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;
- the receipt and continuing validity of an opinion from an independent appraisal firm to Ironwood's board of directors, that is in form and substance acceptable to Ironwood in its sole and absolute discretion, confirming the solvency of Cycleron after the distribution and, as to the compliance by Ironwood in declaring to pay the distribution, with surplus requirements under Delaware corporate law;
- all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution shall have been received;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the distribution or any of the related transactions shall be pending, threatened, issued or in effect;

- the board of directors of Ironwood shall have declared the distribution and approved all related transactions (and such declaration and approval not having been withdrawn);
- Cyclerion shall have executed and delivered the transaction agreements relating to the separation; and
- no other event or development existing or having occurred that, in the sole and absolute judgment of Ironwood’s board of directors, makes it inadvisable to effect the distribution and other related transactions.

Ironwood and Cyclerion cannot assure you that any or all of these conditions will be met, and Ironwood may waive any of these conditions to the distribution. In addition, Ironwood can determine, at any time, not to proceed with the distribution. For more information, see “The Separation and Distribution—Conditions to the Distribution.”

What is the expected date of completion of the distribution?

The completion and timing of the distribution are dependent upon a number of conditions. It is expected that the shares of Cyclerion common stock will be distributed by Ironwood on April 1, 2019 to the holders of record of shares of Ironwood common stock at the close of business on the record date. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.

Can Ironwood decide to cancel the distribution of Cyclerion common stock even if all the conditions have been met?

Yes, until the distribution has occurred, Ironwood has the right to terminate the distribution, even if all of the conditions are satisfied. See “The Separation and Distribution—Conditions to the Distribution” for more information.

What if I want to sell my Ironwood common stock or my Cyclerion common stock?

You should consult with your advisors, such as your broker, bank or tax advisor.

What is “regular way” and “ex- distribution” trading of Ironwood stock?

Beginning on or shortly before the record date and continuing up to and including the distribution date, it is expected that there will be two markets in shares of Ironwood common stock: a “regular way” market and an “ex-distribution” market. Shares of Ironwood common stock that trade in the “regular way” market will trade with an entitlement to shares of Cyclerion common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to shares of Cyclerion common stock distributed pursuant to the distribution.

If you hold shares of Ironwood common stock on the record date and you decide to sell any shares of Ironwood common stock before the distribution date, you should make sure your broker, bank or other nominee understands whether you want to sell your shares of Ironwood common stock with or without your entitlement to receive Cyclerion common stock pursuant to the distribution. See “The Separation and Distribution—Trading Between the Record Date and Distribution Date” for more information.

Where will I be able to trade shares of Cyclerion common stock?

Currently, there is no public market for Cyclerion common stock. Cyclerion has applied to have its common stock authorized for listing on the Nasdaq Global Market under the symbol “CYCN.”

Cyclerion anticipates that trading in shares of its common stock will begin on a “when issued” basis on or shortly before the record date for the distribution and will continue up to and including the distribution date. “When issued” trading in the context of a separation refers to a sale or purchase made conditionally on or before the distribution date because the securities of the separated entity have not yet been distributed. “When issued” trades generally settle within two weeks after the distribution date. On the first trading day following the distribution date, any “when issued” trading of our common stock will end and “regular way” trading will begin. “Regular way” trading refers to trading after the security has been distributed and typically involves a trade that settles on the second full trading day following the date of the trade. See “The Separation and Distribution—Trading Between the Record Date and Distribution Date” for more information. We cannot predict the trading prices for our common stock before, on or after the distribution date.

What will happen to the listing of shares of Ironwood common stock?

Shares of Ironwood common stock will continue to trade on the Nasdaq Global Select Market after the distribution.

Will the number of shares of Ironwood common stock that I own change as a result of the distribution?

No. The number of shares of Ironwood common stock that you own will not change as a result of the distribution.

Will the distribution affect the market price of my Ironwood common stock?

Yes. As a result of the distribution, Ironwood expects the trading price of shares of Ironwood common stock immediately following the distribution to be lower than the “regular way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the sGC business. Furthermore, as the market assesses Ironwood following the separation, the trading price of shares of Ironwood common stock may fluctuate. There can be no assurance that, following the distribution, the combined trading prices of Ironwood common stock and Cycleron common stock will equal or exceed what the trading price of Ironwood common stock would have been in the absence of the separation, and it is possible the post-distribution combined equity value of Ironwood and Cycleron will be less than Ironwood’s equity value prior to the distribution.

What are the material U.S. federal income tax consequences of the distribution?

It is a condition to the distribution that Ironwood receive either (i) a private letter ruling from the IRS and an opinion from KPMG LLP, both satisfactory to Ironwood’s board of directors, together confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, or (ii) an opinion of KPMG LLP, satisfactory to Ironwood’s board of directors, confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Assuming that the distribution, together with certain related transactions, so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you and no amount will be included in your income upon receipt of shares of Cycleron common stock pursuant to the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Cycleron common stock.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as non-U.S. tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see “Material U.S. Federal Income Tax Consequences.”

How will I determine my tax basis in the shares of Cyclorion common stock I receive in the distribution?

For U.S. federal income tax purposes, your aggregate basis in the common stock that you hold in Ironwood and the new Cyclorion common stock received in the distribution (including any fractional share interest in Cyclorion common stock for which cash is received) will equal the aggregate basis in the shares of Ironwood common stock held by you immediately before the distribution, allocated between your shares of Ironwood common stock and Cyclorion common stock (including any fractional share interest in Cyclorion common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date, for which the relative closing prices on the Nasdaq Stock Market will be used.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the application of the tax basis allocation rules and the application of state, local and non-U.S. tax laws.

What will Cyclorion's relationship be with Ironwood following the distribution?

To effect a decisive and efficient separation into two thriving companies, Cyclorion intends to enter into a separation agreement and certain other agreements with Ironwood, including a tax matters agreement, an employee matters agreement, a development agreement, an intellectual property license agreement, a transition services agreement under which we will temporarily receive certain services from Ironwood and a second transition services agreement under which we will temporarily provide certain services to Ironwood. These agreements will provide for the separation between Ironwood and Cyclorion of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) of Ironwood attributable to periods prior to, at and after the distribution and will govern the relationship between Ironwood and Cyclorion subsequent to the completion of the distribution. For additional information regarding the separation agreement and other transaction agreements, see "Risk Factors—Risks Related to the Separation and the Private Placement" and "Certain Relationships and Related Person Transactions—Agreements with Ironwood."

Who will manage Cycleron after the distribution?

Cycleron will benefit from having in place a management team with a substantial background in the biopharmaceuticals business. Cycleron's management team possesses deep knowledge of and experience in its industry. Cycleron's management team is expected to include Peter M. Hecht, Ph.D., Ironwood's Chief Executive Officer who is expected to be Cycleron's Chief Executive Officer after the distribution, Mark G. Currie, Ph.D., Ironwood's Senior Vice President, Chief Scientific Officer and President of R&D who is expected to be Cycleron's President after the distribution and William Huyett, Ironwood's Chief Operating Officer who is expected to be Cycleron's Chief Financial Officer after the distribution. For more information regarding Ironwood's management team and leadership structure, see "Management."

How will Cycleron receive its initial cash capitalization?

In connection with the distribution, Cycleron has entered into a common stock purchase agreement pursuant to which, upon the completion of the distribution, certain investors will make an aggregate cash investment in Cycleron of up to \$175.0 million in exchange for shares of Cycleron common stock. Our management believes that the proceeds from the private placement, after the payment of certain separation-related expenses, will be sufficient to fund our operating expenses and capital expenditure requirements through the first quarter of 2021.

Are there risks associated with owning Cycleron common stock?

Yes. Ownership of Cycleron common stock is subject to both general and specific risks related to Cycleron's business, the industry in which it operates, its ongoing relationships with Ironwood and its status as a separate, publicly traded company. Ownership of Cycleron common stock is also subject to risks related to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 20. You are encouraged to read that section carefully.

Does Cycleron plan to pay dividends?

Cycleron does not expect to pay a regular cash dividend following the distribution. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of Cycleron's board of directors. See "Dividend Policy."

Who will be the distribution agent, transfer agent and registrar for the Cycleron common stock?

The distribution agent, transfer agent and registrar for Cycleron common stock will be Computershare Trust Company, N.A. For registered holders with questions relating to the transfer or mechanics of the stock distribution, you should contact:

Computershare Investor Services
PO BOX 505000
Louisville,
KY 40233-5000
Tel: 800-662-7232

How can I contact Ironwood or Cycleron with any questions?

Before the distribution, if you have any questions relating to Ironwood or Cycleron's business performance, you should contact:

Ironwood Pharmaceuticals, Inc.
Investor Relations Department
Meredith Kaya, Vice President, Investor Relations and Corporate
Communications
Tel: 617-374-5082
E-mail: mkaya@ironwoodpharma.com

After the distribution, Cycleron shareholders who have any questions relating to Cycleron's business performance should contact Cycleron at:

Cycleron Therapeutics, Inc.

Brian Cali, Ph.D.
Head of Investor Relations and Corporate Communications
Address: 301 Binney Street,
Cambridge, MA 02142
Tel: 857-338-3262
E-mail: bcali@cyclerion.com

INFORMATION STATEMENT SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the separation or other information that may be important to you. To better understand the separation and Cyclerion's business and financial position, you should carefully review this entire information statement, including the risks discussed under "Risk Factors."




Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of all of the transactions referred to in this information statement in connection with the separation. Some of the statements in this summary constitute forward-looking statements. See "Cautionary Statement Concerning Forward-Looking Statements."

Cyclerion

Overview

We are a clinical-stage biopharmaceutical company harnessing the power of sGC pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Our focus is enabling the full therapeutic potential of next-generation sGC stimulators. sGC stimulators are small molecules that act synergistically with nitric oxide on sGC to boost production of cyclic guanosine monophosphate, or cGMP. cGMP is a key second messenger that, when produced by sGC, regulates diverse and critical biological functions throughout the body including blood flow and vascular dynamics, inflammatory and fibrotic processes, metabolism and neuronal function. We believe that the key to unlocking the full therapeutic potential of the nitric oxide-cGMP pathway is to design differentiated next-generation sGC stimulators that preferentially modulate pathway signaling in tissues of greatest relevance to the diseases they are developed to treat. This targeted approach is intended to maximize the potential benefits of nitric oxide-cGMP pathway stimulation in disease-relevant tissues. We are led by an accomplished team, many of whom have worked together previously at Ironwood, with an exceptional track record of discovering, developing and commercializing meaningful therapies for patients while creating value for stockholders. Our strategy rests on a solid scientific foundation that is enabled by our people and capabilities, external collaborations and a responsive capital allocation approach.

We have an extensive portfolio of five differentiated sGC stimulators with several pipeline catalysts expected in 2019. The following table summarizes our programs:

| Product* | Discovery | IND Enabling | Phase 1 | Phase 2 | Phase 3 | Status and Anticipated Next Milestones |
|--|-----------|--|-------------------------------------|---------|---------|---|
| Vascular sGC Stimulator  Olinciguat | | Sickle Cell Disease (SCD) | | | | <ul style="list-style-type: none"> - Top line data expected in 2H2019 - Granted Orphan Drug Designation by US FDA - Worldwide rights |
| Systemic sGC Stimulator  Praliciguat | | Diabetic Nephropathy (DN) | | | | <ul style="list-style-type: none"> - DN: Top line data expected in 2H2019 - HFpEF: Top line data expected in 2H2019 - Pursue out-licensing after completion of Phase 2 studies - Granted Fast Track Designation for HFpEF by US FDA - Worldwide rights |
| | | Heart Failure with Preserved Ejection Fraction (HFpEF) | | | | |
| Central Nervous System sGC Stimulator  IW-6463 | | Serious + Orphan CNS Diseases | | | | <ul style="list-style-type: none"> - Initiated Phase I study 1Q2019 - Top line data expected in 2H2019 - Worldwide rights |
| Liver-Targeted sGC Stimulator  Liver | | | Serious + Orphan Liver Diseases | | | <ul style="list-style-type: none"> - Development candidate nomination expected in 1H2019 |
| Lung-Targeted sGC Stimulator  Lung | | | Serious + Orphan Pulmonary Diseases | | | <ul style="list-style-type: none"> - Development candidate nomination expected in 1H2019 |

Status of selected key development programs as of March 11, 2019. Represents current phase of development, does not correspond to the completion of a particular phase.

Strategic Core

We leverage the therapeutic potential of nitric oxide signaling by modulating the nitric oxide-cGMP pathway via pharmacologically tailored sGC stimulation. Nitric oxide signaling plays a central role in regulating diverse aspects of human physiology throughout the body, including vascular smooth muscle tone and blood flow, as well as processes that influence inflammation, fibrosis, metabolism and neuronal function. Deficient nitric oxide signaling is linked to a wide range of cardiovascular, metabolic, inflammatory, fibrotic and neurological diseases. Stimulation of sGC is clinically validated by ADEMPAS®, an sGC stimulator marketed by Bayer, that represents an important first step in demonstrating the therapeutic potential of this mechanism. In order to realize the significant potential of sGC stimulation to enable the development of important new medicines, we are focused on developing next generation sGC stimulators.

We design sGC stimulators with distinct pharmacologic and biodistribution properties that preferentially enhance nitric oxide-cGMP signaling in target tissues of greatest relevance to the diseases they are developed to treat. The resulting sGC stimulators are highly differentiated from each other, as well as from other sGC modulators and molecules that target this pathway via other mechanisms. This approach to the therapeutic application of nitric oxide-cGMP pharmacology is intended to allow us to harness the powerful multidimensional pharmacology of sGC stimulation for clinical application in serious and orphan diseases.

We have discovered and are advancing a pipeline of five differentiated sGC stimulator programs whose properties are tailored for distinct serious and orphan diseases with significant unmet clinical need.

- **Olinciguat is an orally administered, once-daily, vascular sGC stimulator** that we believe is well suited for the treatment of sickle cell disease, or SCD, given its distribution to the vasculature

and highly perfused organs, such as the kidney and lungs, which are frequently affected by this disease. By amplifying nitric oxide signaling, we believe that olinciguat has the potential to reduce the proportion of sickled cells, decrease vascular inflammation and cell adhesion, and improve nitric oxide-mediated vasodilation. For patients with SCD, we believe this may translate into reduction in debilitating daily symptoms such as chronic pain and fatigue, decrease in anemia, reduction in painful vaso-occlusive crises, or VOCs, and end-organ protection (especially for the kidney, heart and lung) potentially leading to an increase in survival. Olinciguat has been granted Orphan Drug Designation for SCD by the U.S. Food and Drug Administration, or the FDA, and is currently in a Phase 2 study, STRONG-SCD, that is expected to enroll approximately 88 patients. Following the completion of our ongoing Phase 2 study, should data warrant, we intend to advance olinciguat into late-stage development for SCD and, if approved, commercialize on our own in the United States and alone or through licensing arrangements with partners around the world. We expect results from this study in the second half of 2019.

- ***Praliciguat is an orally administered, once-daily systemic sGC stimulator*** that we believe is well suited for the treatment of serious cardiometabolic diseases given its very extensive distribution into tissues, particularly adipose, kidney, heart and liver. We believe this distribution profile is essential to realize the potential of sGC pathway pharmacology to treat cardiometabolic diseases that are characterized by adipose inflammation, metabolic dysfunction and associated multi-organ etiology and involvement. We are assessing the potential of praliciguat to treat two such diseases: diabetic nephropathy, or DN, and heart failure with preserved ejection fraction, or HFpEF. We expect results from Phase 2 studies in these indications in the second half of 2019.
- ***IW-6463 is an orally administered CNS-penetrant sGC stimulator*** that, because it readily crosses the blood-brain barrier, affords an unprecedented opportunity to expand the utility of sGC pharmacology to serious neurodegenerative diseases. Clinical and nonclinical research suggests that nitric oxide signaling plays a critical role in the central nervous system, or CNS, in memory formation and retention, control of cerebral blood flow and modulation of neuroinflammation. Nitric oxide is a potent neurotransmitter, and impaired nitric oxide-sGC-cGMP signaling is believed to play an important role in the pathogenesis of several neurodegenerative diseases. In preclinical models, IW-6463 has been associated with an increase in cerebral blood flow, improved neuronal health and function, reduced markers of neuroinflammation and enhanced cognition. CNS pharmacological activity of IW-6463 has been observed preclinically using multiple non-invasive techniques that can also be employed in early human clinical studies. Our first-in-human study of IW-6463 initiated in January of 2019 with results expected in the second half of 2019.
- ***Our liver-targeted sGC stimulator*** will be orally administered and designed to selectively partition to the liver. By achieving liver concentrations many fold higher than corresponding plasma concentrations, we intend to maximize hepatic pharmacology. In animal models of liver fibrosis treated with systemic sGC stimulators, we have observed reductions in liver fibrosis, inflammation and steatosis, pathophysiological processes that underlie multiple chronic liver diseases. We expect to nominate a development candidate in the first half of 2019 and progress to filing an Investigational New Drug/Clinical Trial Application, or IND/CTA, thereafter.
- ***Our lung-targeted sGC stimulator*** will be administered via inhalation and will be aimed at realizing the full potential of sGC stimulation in pulmonary diseases by selectively increasing exposure in the lung. Preclinically, our lead molecule is highly retained in the lung with greater than 50-fold selectivity for lung over plasma. In addition, in preclinical studies, the lead molecule is metabolically stable in the lung, whereas it is unstable in the plasma with rapid systemic clearance. We expect to nominate a development candidate in the first half of 2019 and progress to filing an IND/CTA thereafter.

We have a comprehensive intellectual property strategy to protect our platform and related proprietary technology that covers composition of matter, method of use, formulations and process development.

Value-Creating Enablers

People and capabilities

We are leaders in targeted sGC stimulator chemistry and nitric oxide-cGMP pathway pharmacology. Our founding team has deep knowledge and significant experience in cGMP pathway research and development, from the discovery and development of LINZESS® (linaclotide), an Ironwood product that leverages the pharmacology of the guanylate cyclase-C-cGMP pathway, to the development of the sGC stimulator chemistry libraries and systems pharmacology data that gave rise to the current portfolio of assets and will serve as the foundation for our future innovation.

We have an exceptional team with a proven track record at all levels within our organization. We have broad expertise throughout our organization in discovering, developing and commercializing category-leading products, and are led by a management team with a history of success delivering innovative therapies to patients while creating value for stockholders.

External collaboration

We leverage a diverse cross-disciplinary network of external advisors and experts to advance our drug candidates. We do this in three ways. First, we actively engage leading experts to access additional technologies and expertise to advance our programs. Second, we establish disease-area advisory boards of physicians, patients and payors to provide insights into the unmet medical need and to support the design of clinical trials. Finally, we use a pharmaceutical advisory board made up of veteran drug hunters with broad industry experience and a track record of innovation to help us refine our R&D strategy.

We will apply a “best-owner” approach to our compounds whereby we develop and commercialize product candidates independently or through a partner depending on which path we believe will offer the greatest risk-adjusted value for our shareholders and accelerate global patient access to our drugs. We intend to prioritize development and commercialization in diseases characterized by structurally attractive markets where we can successfully commercialize on our own. At this time, we do not have any partnerships for any of our product candidates and we intend to apply this “best owner approach” as we make decisions regarding potential partnerships.

Capital allocation and economics

The capital allocation decision making and financial management we use in our business will enable us to continually deploy capital and people to the most promising opportunities. Highlights of our capital allocation and financial management strategy include:

- **Decisive capital allocation:** We plan to establish a high threshold for therapeutic differentiation and compelling business case in each program.
- **Elastic, externalized cost structure:** Our experienced team will seek to use outside supplier/partners wherever possible, in order to benefit from any economies-of-scale and skill sets that such suppliers and partners provide while minimizing our fixed costs.
- **Mission-appropriate infrastructure:** Our infrastructure is designed to meet the needs of a multi-program development company intent on prosecuting and developing the sGC mechanism, generating and protecting key IP, compliance and attracting and retaining talent to further

advance our five lead sGC stimulator programs and discover additional disease-targeted sGC stimulators.

- **Development program-based management structure:** Our program leaders are accountable for performance against goals for each program based on clinical and scientific, cost and timeline performance metrics.

Summary of Risk Factors

An investment in Cycleron common stock is subject to a number of risks, including risks related to our business, risks related to the separation and risks related to our common stock. The following list of risk factors is not exhaustive. Please read the information in the section captioned “Risk Factors” for a more thorough description of these and other risks.

Risks Related to Our Business

- Because we are a clinical-stage biopharmaceutical company with a limited operating history and no products approved for commercial sale, valuing our business and predicting our prospects is challenging.
- Our business has incurred significant losses and we anticipate that we will continue to incur significant losses for the foreseeable future.
- We will need to raise additional funding to advance our product candidates, which may not be available on acceptable terms, or at all.
- The “target-to-disease” approach we are taking to discover and develop product candidates targeting the cGMP may never lead to marketable products.
- We may encounter substantial delays in our clinical studies, or we may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.
- If we encounter difficulties in enrolling subjects in our clinical studies, we could be delayed or prevented from proceeding with clinical trials of our product candidates.
- The regulatory approval processes of the FDA, and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable.
- Our product candidates may cause undesirable side effects that delay or prevent their regulatory approval, result in label restrictions or result in harmful consequences following any potential marketing approval.
- We face significant competition, including from approved products and product candidates in development, and our competitors may achieve regulatory approval before us or develop therapies that are safer, more advanced or more effective than ours.
- If third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.
- We rely completely on third-party suppliers to manufacture our clinical drug supplies for our product candidates, and we intend to rely on third parties to produce non-clinical, clinical and commercial supplies of any future product candidate.
- If we are unable to adequately protect our proprietary technology, others could compete against us more directly, which would have a material adverse impact on our business, prospects, financial condition and results of operations.

- If the market opportunities for our product candidates are smaller than we estimate, or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability may be harmed.
- Even if we obtain regulatory approval for our product candidates, our product candidates may not achieve broad market acceptance by patients, physicians, healthcare payors or others in the medical community.
- Our ability to generate meaningful revenues in foreign countries may be limited due to the strict price controls and reimbursement limitations imposed by governments outside of the United States.

Risks Related to the Separation and the Private Placement

- We may not achieve some or all of the expected benefits of the separation, and the separation could harm our business, prospects, financial condition and results of operations.
- We have no history of operating as an independent company and we expect to incur increased administrative and other costs following the separation by virtue of our status as an independent public company.
- The separation may impede our ability to attract and retain key personnel, which could materially harm our business.
- The separation may result in disruptions to, and harm our relationships with, our strategic business partners.
- If the distribution, together with certain related transactions, does not qualify as a transaction that is tax-free for U.S. federal income tax purposes, Ironwood and its stockholders could be subject to significant tax liabilities, and we could be required to indemnify Ironwood for material taxes pursuant to indemnification obligations under the tax matters agreement.
- We may not be able to engage in attractive strategic or capital-raising transactions following the separation.
- Our agreements with Ironwood may not reflect terms that would have resulted from negotiations with unaffiliated third parties.
- The combined post-separation value of Ironwood and our common stock may not equal or exceed the pre-separation value of Ironwood common stock.
- If the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your Ironwood common stock prior to the record date.
- Failure to complete the private placement could adversely impact the market price of our common stock as well as our business and operating results.

The Separation and Distribution

In May 2018, Ironwood announced its plans to separate its sGC business from its commercial and gastrointestinal business. The distribution is intended to be tax-free for U.S. federal income tax purposes. See “The Separation and Distribution—Conditions to the Distribution” for more information.

In furtherance of this plan, on March 6, 2019, Ironwood’s board of directors approved the distribution of all of the issued and outstanding shares of Cycleron common stock on the basis of one share of Cycleron common stock for every 10 shares of Ironwood common stock issued and

outstanding on March 19, 2019, the record date for the distribution. As a result of the distribution, Cyclерion will become an independent, publicly traded company.

Immediately following the distribution and the private placement, we estimate that 27,304,462 shares of Cyclерion common stock will be issued and outstanding based on the number of shares of Ironwood common stock outstanding as of February 25, 2019. The actual number of shares of Cyclерion common stock issued in the distribution will be determined on March 19, 2019, the record date. Additionally, the actual number of shares to be issued in the private placement will be determined by reference to the number of outstanding (a) shares of Cyclерion common stock, (b) Cyclерion restricted stock units and (c) options to purchase shares of Cyclерion common stock as of the closing of the private placement.

Cyclерion’s Post-Distribution Relationship with Ironwood

Cyclерion intends to enter into a separation agreement with Ironwood, which is referred to in this information statement as the “separation agreement,” and various other agreements with Ironwood, including a tax matters agreement, an employee matters agreement, a development agreement, an intellectual property license agreement, a transition services agreement under which we will temporarily receive certain services from Ironwood and a second transition services agreement under which we will temporarily provide certain services to Ironwood. These agreements will effectuate the separation and govern Cyclерion’s relationship with Ironwood after the distribution. These agreements will provide for the allocation between Ironwood and Cyclерion of Ironwood’s assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to and after Cyclерion’s separation from Ironwood. These agreements will also govern certain relationships between Ironwood and Cyclерion after the separation. For additional information regarding the separation agreement and the other related agreements, see “Risk Factors—Risks Related to the Separation” and “Certain Relationships and Related Person Transactions—Agreements with Ironwood.”

Reasons for the Separation

The Ironwood board of directors believes that separating the sGC business from the remainder of Ironwood is in the best interests of Ironwood and its stockholders for a number of reasons, including that:

- the separation will allow each business to pursue its own operational and strategic priorities and more quickly respond to trends, developments and opportunities in its respective markets;
- the separation will create two separate and distinct management teams focused on each business’s unique strategic priorities, target markets and corporate development opportunities;
- the separation will give each business opportunity and flexibility by pursuing its own investment, capital allocation and growth strategies consistent with its long-term objectives;
- the separation will enable the boards and management teams of each business to better align corporate performance goals with the specific vision, strategy and objectives of each business; and
- the separation will allow investors to separately value each business based on the unique merits, performance and future prospects of each business, providing investors with two distinct investment opportunities.

The Ironwood board of directors considered a number of other factors in evaluating the separation, including risks relating to the creation of a standalone company and possible increased overall costs as well as one-time separation costs, but concluded that the potential benefits of the

separation outweighed these factors. For more information, see “The Separation and Distribution—Reasons for the Separation” and “Risk Factors” included elsewhere in this information statement.

Corporate Information

Cyclerion was incorporated in the Commonwealth of Massachusetts on September 6, 2018 for the purpose of holding Ironwood’s sGC business in connection with the separation described in this information statement. The contribution of this business to Cyclerion is occurring over a period of time prior to the distribution, and Cyclerion will have no operations prior to such contribution. At the time of the distribution, the address of Cyclerion’s principal executive offices will be 301 Binney Street, Cambridge, MA 02142. Cyclerion’s telephone number will be 857-327-8778. Cyclerion will also maintain a website at www.cyclerion.com.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of Ironwood who will receive shares of Cyclerion common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Cyclerion’s securities.

Implications of Being an Emerging Growth Company

Cyclerion qualifies as an “emerging growth company” as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other obligations that are otherwise applicable generally to public companies. These may include the following:

- being permitted to present only two years of audited financial statements (as a result of our status as a smaller reporting company), in addition to any required unaudited interim financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements;
- exemption from the requirements for holding a non-binding advisory vote on executive compensation or golden parachute arrangements;
- extended transition period for complying with new or revised accounting standards; and
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total gross annual revenues of \$1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the distribution; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

**SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED
FINANCIAL INFORMATION**

The following table presents Cyclерion’s summary historical and unaudited pro forma combined financial information. Cyclерion derived the summary historical combined financial data as of and for the years ended December 31, 2017 and 2018 from Cyclерion’s audited combined financial statements included elsewhere in this information statement.

The summary historical combined financial data includes certain expenses of Ironwood that were allocated to us for certain corporate functions including information technology, research and development, finance, legal, insurance, compliance and human resources activities. These costs may not be representative of the future costs we will incur as an independent, publicly traded company. In addition, Cyclерion’s historical financial information does not reflect changes that we expect to experience in the future as a result of our separation from Ironwood, including changes in our cost structure, personnel needs, tax structure, capital structure, financing and business operations. The following summary unaudited pro forma combined financial information gives effect to the separation and the private placement, as if each had occurred on January 1, 2017. The unaudited pro forma adjustments are based on assumptions that Cyclерion’s management believes are reasonable under the circumstances and given the information available at this time. Refer to the notes to the unaudited pro forma combined financial statements included elsewhere in this information statement for a discussion of adjustments reflected in the unaudited pro forma combined financial statements. Consequently, the financial information included here may not necessarily reflect Cyclерion’s financial position, results of operations and cash flows in the future or what Cyclерion’s financial position, results of operations and cash flows would have been had Cyclерion been an independent, publicly traded company during the periods presented.

For a better understanding, this section should be read in conjunction with the discussion in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the “Unaudited Pro Forma Combined Financial Statements” and corresponding notes and the audited combined financial statements and corresponding notes included elsewhere in this information statement.

| (in thousands) | Year Ended December 31, | | |
|--|-------------------------|--------------|----------------------------------|
| | 2017 | 2018 | Pro Forma 2018 (unaudited) |
| Statement of Operations: | | | |
| Cost and expenses | | | |
| Research and development | \$ 78,803 | \$ 87,716 | \$ 87,716 |
| General and administrative | 15,119 | 27,536 | 27,845 |
| Net loss | \$ (93,922) | \$ (115,252) | \$ (115,561) |
| | | | |
| (in thousands) | As of December 31, | | |
| | 2017 | 2018 | Pro Forma 2018 (unaudited) |
| Balance Sheet: | | | |
| Total assets | \$ 5,470 | \$ 7,401 | \$ 176,048 |
| Accrued research and development costs | \$ 4,905 | \$ 5,261 | 5,261 |
| Total current liabilities | \$ 14,037 | \$ 17,846 | \$ 15,065 |

RISK FACTORS

You should consider carefully the following risks and conditions, together with all the other information in this information statement, including our financial statements and notes thereto, when evaluating our common stock. The impact from these risks and conditions may be materially adverse to our business, prospects, financial condition and results of operations. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial also may materially harm our business, prospects, financial condition and results of operations. As a result, the trading price of our common stock could decline, which could decrease the value of the shares you hold.

Risks Related to Our Financial Position and Capital Needs

Because we are a clinical-stage biopharmaceutical company with a limited operating history and no products approved for commercial sale, valuing our business and predicting our prospects is challenging.

We are a clinical-stage biopharmaceutical company that was incorporated in 2018. Although our business was conducted within Ironwood prior to that time, we have no history as an independent company. We are developing a pipeline of sGC stimulators, but we have no products approved for commercial sale, and we have never generated revenue from product sales. Our operating activities to date have been limited primarily to organizing and staffing our company, business planning, raising capital, developing our technology, identifying potential product candidates and conducting early stage clinical trials for our most advanced product candidates, praliguat, olinciguat and IW-6463.

To date, we have not obtained marketing approval for any of our product candidates, engaged, on our own or through a third party, in commercial scale manufacturing, or conducted significant sales and marketing activities necessary for the commercialization of our product candidates. Our short operating history offers limited insight into our prospects for success or even viability and we expect our operating results to be subject to frequent fluctuations. We will encounter challenges frequently experienced by early-stage biopharmaceutical companies in rapidly evolving fields, and we have not yet demonstrated an ability to successfully navigate such challenges. If we do not address the challenges we face successfully, our business, prospects, financial condition and results of operations will be materially harmed.

Our business has incurred significant losses and we anticipate that we will continue to incur significant losses for the foreseeable future. We have never generated revenue from product sales and may never be profitable.

Our business has incurred operating losses due to costs incurred in connection with our research and development activities and general and administrative expenses associated with our operations. Our net losses for the years ended December 31, 2017 and 2018 were \$93.9 million and \$115.3 million, respectively. As of December 31, 2018, we had a net parent investment of \$(10.4) million. We expect to incur significant losses for several years, as we continue our research activities and conduct development of, and seek regulatory approvals for, our product candidates.

Our ability to generate revenue from our product candidates and achieve profitability depends on our ability, alone or with strategic partners, to complete the development of, and obtain the necessary regulatory and essential pricing and reimbursement approvals to commercialize, our product candidates. We do not know when we will generate revenues from sales of our products, if ever.

We expect to continue to incur significant losses for the foreseeable future. Our expenses could increase beyond expectations if we are required by the FDA, the European Medicines Agency, or the EMA, or other regulatory agencies, domestic or foreign, to perform clinical and other studies in addition to those that we currently anticipate. Even if one or more of the product candidates that we

develop is approved for commercial sale, we may never generate revenue in amounts sufficient to achieve and maintain profitability.

We will need to raise additional funding to advance our product candidates, which may not be available on acceptable terms, or at all. Failure to obtain capital when needed may force us to delay, limit or terminate our product development efforts or other operations. Raising additional capital may dilute our existing shareholders, restrict our operations or cause us to relinquish valuable rights.

Following the completion of the separation and the closing of the private placement, we expect that our cash and cash equivalents will be approximately \$165.0 million, after the payment of certain separation-related expenses. Our management believes that such cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditure requirements through the first quarter of 2021. The shares issuable in the private placement are subject to a cap equal to 46% of the shares of Cycleron common stock then outstanding (or a lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution), after giving effect to the issuance of shares in the private placement. In the event that the aggregate cash investment in the private placement would result in the issuance of shares of Cycleron common stock in excess of this cap, each investor's cash investment in the private placement would be reduced, on a pro rata basis, by an amount needed to result in the issuance in the aggregate of no more than 46% of the shares of Cycleron common stock then outstanding (or such lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution). See "Certain Relationships and Related Party Transactions—Private Placement." If such a reduction in the aggregate cash investment in the private placement were to occur, our cash and cash equivalents would be reduced by an equivalent amount.

We will require significant additional funding to advance our product candidates, alone or with strategic partners, through clinical studies and to seek marketing approval, as well as to continue advancing our research and development efforts with our other product candidates. We may also need to raise additional funds sooner than currently anticipated if we choose to pursue additional indications or geographies for our product candidates, identify additional product candidates to advance through clinical development or otherwise expand more rapidly than we presently anticipate. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant expenses related to product sales, medical affairs, marketing, manufacturing and distribution.

We may seek to raise such capital through public or private equity or debt financings. Raising funds in the then current economic environment may present substantial challenges, and future financing may not be available in sufficient amounts or on acceptable terms, if at all. The terms of any financing may harm existing shareholders, and the issuance of additional securities, whether equity or debt, or the possibility of such issuance, may cause the market price of our shares to decline. The sale of additional equity or convertible securities may dilute the ownership of existing shareholders. The incurrence of indebtedness would result in increased fixed payment obligations, and we may agree to restrictive covenants, such as limitations on our ability to incur additional debt or limitations on our ability to acquire, sell or license intellectual property rights that could impede our ability to conduct our business. Regardless of the terms of our debt or equity financing, our agreements and obligations under the tax matters agreement with Ironwood may limit our ability to issue stock. See "—Risks Related to the Separation."

We may also seek funds through collaborations, strategic alliances, or licensing arrangements with third parties, and such agreements may involve relinquishing rights to our product candidates or technologies, future revenue streams, research programs or products candidates or to grant licenses on terms that may not be favorable to us. Such arrangements will limit our participation in the success of any of our product candidates that receive regulatory approval.

If we are unable to raise capital when needed or on reasonable terms, we may curtail, delay or discontinue our research or development programs, scale back or cease any commercialization efforts or wind down our business. In addition, such additional fundraising efforts may divert our management from their day-to-day activities, which may impede our ability to develop and commercialize our product candidates.

Risks Related to the Discovery, Product Development and Regulatory Approval of Our Product Candidates

The “target-to-disease” approach we are taking to discover and develop product candidates targeting cGMP, may never lead to marketable products.

We have concentrated our product research and development efforts to date on a “target-to-disease” approach to the treatment of diseases involving the cGMP pathway and/or sGC signaling, so our future success depends on the successful development of our pipeline of sGC stimulators. The scientific evidence to support the feasibility of developing our product candidates is both preliminary and limited. If we do not successfully develop and commercialize product candidates based upon our “target-to-disease” approach, we will not become profitable and the value of our common stock may decline.

Further, our focus solely on developing a pipeline of sGC stimulators, instead of multiple, more proven technologies, increases the risks associated with the ownership of our common stock. If we are not successful in developing any product candidates using our sGC platform, we may be required to change the scope and direction of our product development activities. In that case, we may not be able to identify and implement successfully an alternative product development strategy, which would materially harm our business, prospects, financial condition and results of operations.

Research and development of biopharmaceutical products is inherently risky. We may encounter substantial delays in our clinical studies, or we may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.

Our current product candidates are at an early stage of development. Our business depends heavily on successful preclinical development, clinical testing, regulatory approvals and commercialization of our lead product candidates, olinciguat, praliguat and IW-6463. These and our other product candidates, as well as any we may discover in the future, will require substantial additional development and testing, as well as regulatory approvals, prior to commercialization.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical and clinical studies that our product candidates are both safe and effective for use in each target indication. Each product candidate must demonstrate an adequate benefit-risk profile for its intended use in its intended patient population. In some instances, significant variability in safety or efficacy appear in different clinical studies of the same product candidate due to numerous factors, including changes in study protocols, differences in the number and characteristics of the enrolled subjects, variations in the dosing regimen and other clinical study parameters or the dropout rate among study participants. Product candidates in later stages of clinical studies often fail to demonstrate adequate safety and efficacy despite promising preclinical testing and earlier clinical studies. A number of companies in the biopharmaceutical industry have suffered significant setbacks in later-stage clinical studies. Most product candidates that begin clinical studies are never approved for commercialization by regulatory authorities.

If we encounter difficulties in enrolling subjects in our clinical studies, we could be delayed or prevented from proceeding with clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical studies of our product candidates is critical to our success. The timing of our clinical studies depends in part on the speed at which we can recruit patients to participate in testing our product candidates. The estimated incidence of our target indications, including SCD, DN and HFpEF, the initial target indications for our lead product candidates, varies considerably. Determining the incidence of these conditions, including in specific geographies or demographic groups, is challenging. The lower the actual incidence of these conditions, the more challenges we will encounter enrolling subjects in our clinical studies, which could delay development of our product candidates. Clinical trial enrollment may also encounter difficulties for a variety of other reasons. The number of patients eligible for a clinical trial may be substantially limited by stringent eligibility criteria in a study protocol, such as the inclusion of biomarker-driven identification or other highly specific criteria related to stage of disease progression or to specific patient reported outcome measures. The number of patients required to power the statistical analysis of the study's endpoints may be very large leading to an extended enrollment period. Issues such as the proximity of subjects to a study site, the complexity of the study design, our ability to recruit investigators with appropriate skill and experience, competing clinical studies for similar therapies or targeting similar subjects, perceptions of the benefit-risk profile of the product candidate relative to other available therapies or product candidates, and ability to obtain and maintain institutional review board, or IRB, or ethics committee, or EC, approvals and patient consents all could have a substantial impact on the timing of clinical trial enrollment. If we are unable to enroll sufficient subjects in clinical studies in a timely way, obtaining study results will be delayed, which may harm our business, prospects, financial condition and results of operations.

The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue and our business will be substantially harmed.

We cannot commercialize a product until the appropriate regulatory authorities have reviewed and approved the product candidate. The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical studies and depends upon numerous factors, including the type and complexity of the product candidates involved. Regulatory authorities have substantial discretion in the approval process and may refuse to accept an application for review, or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. We have not requested or obtained regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval. Furthermore, although we have received fast track designation for our product candidate praliguat for the treatment of patients with HFpEF, this designation, or any other expedited approval designation that we may receive, does not change the standards for approval and may not ultimately expedite the development or approval process.

Our ongoing clinical studies may not be completed on schedule, and our planned clinical studies may not begin on schedule, if at all. The completion or commencement of clinical studies can be delayed or prevented for a number of reasons, including, among others:

- the FDA or other regulatory bodies may not authorize us or our investigators to commence planned clinical studies, or require that we suspend ongoing clinical studies through imposition of clinical holds;

- negative results from our ongoing studies or other industry studies involving product candidates modulating the same or similar mechanism of action;
- delays in reaching or failing to reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical study sites, the terms of which can be subject to considerable negotiation and may vary significantly among different CROs and study sites;
- inadequate quantity or quality of a product candidate or other materials necessary to conduct clinical studies, for example delays in the manufacturing of sufficient supply of finished drug product;
- difficulties obtaining EC or IRB approval to conduct a clinical study at a prospective site or sites;
- challenges in recruiting and enrolling subjects to participate in clinical studies, the proximity of subjects to study sites, eligibility criteria for the clinical study, the nature of the clinical study protocol, the availability of approved effective treatments for the relevant disease and competition from other clinical study programs for similar indications;
- severe or unexpected drug-related side effects experienced by subjects in a clinical study;
- the presence of unanticipated metabolites in subjects in a clinical study may require considerable preclinical and clinical assessment;
- we may decide, or regulatory authorities may require us, to conduct additional clinical studies or abandon product development programs;
- delays in validating, or inability to validate, any endpoints utilized in a clinical study;
- the FDA may disagree with our clinical study design and our interpretation of data from clinical studies, or may change the requirements for approval even after it has reviewed and commented on the design for our clinical studies;
- reports from preclinical or clinical testing of other competing candidates that raise safety or efficacy concerns; and
- difficulties retaining subjects who have enrolled in a clinical study but may be prone to withdraw due to rigors of the clinical studies, lack of efficacy, side effects, personal issues, or loss of interest.

Clinical studies may also be delayed or terminated as a result of ambiguous or negative interim results. In addition, a clinical study may be suspended or terminated by us, the FDA or other comparable authorities, the IRBs or ECs at the sites where the IRBs or ECs are overseeing a clinical study, a data and safety monitoring board overseeing the clinical study at issue or other regulatory authorities due to a number of factors, including, among others:

- failure to conduct the clinical study in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical study operations or study sites by the FDA or other regulatory authorities that reveals deficiencies or violations that require us to undertake corrective action, including in response to the imposition of a clinical hold;
- unforeseen safety issues, including any that could be identified in our ongoing studies, adverse side effects or lack of effectiveness;
- changes in government regulations or administrative actions;
- problems with clinical supply materials; and

- lack of adequate funding to continue clinical studies.

In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our treatment candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the use of any approved product, which will limit its prospects for commercialization, which could have a material and adverse effect on our business, prospects, financial condition and results of operations.

Our product candidates may cause undesirable side effects that delay or prevent their regulatory approval, result in label restrictions or result in harmful consequences following any potential marketing approval.

The most commonly reported adverse events in the clinical studies for olinciguat were headaches, tachycardia, dizziness, nausea, vomiting and hypotension. The most commonly reported adverse events in the clinical studies for praliciguat were headaches, tachycardia, dizziness, nausea, vomiting and hypoglycemia. A single serious adverse event of upper gastrointestinal hemorrhage occurred in a patient receiving praliciguat in a Phase 2a study and was determined to be study drug related. In addition, the pharmacology of sGC stimulation is known to cause certain side effects. For example, the label for ADEMPAS® (riociguat), the only FDA-approved sGC stimulator to date, indicates that ADEMPAS® can cause, among other side effects, serious birth defects if taken while pregnant, reduced blood pressure and increased risk of bleeding. These side effects and any other undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical studies and could result in restrictive label language or delay or denial of regulatory approval.

Clinical studies by their nature utilize a defined sample of the potential enrolled subjects. With a limited number and variety of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered when a significantly larger number and variety of patients are exposed to the product following commercialization. If our product candidates receive marketing approval, and we or others identify undesirable side effects caused by such product candidates (or any other similar products) after such approval, a number of potentially harmful consequences could result, including:

- regulatory authorities may withdraw their approval of the product;
- regulatory authorities may require modification to the label, such as addition of a special warning, or boxed warning, about risks or use or addition of contraindications;
- we may be required to change the way the product is distributed or administered, conduct additional clinical studies or adopt a potentially restrictive risk evaluation and mitigation strategy with elements to assure safe use, or a REMS with ETASU, in the United States;
- we may be required to conduct additional post-marketing studies;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we may be subject to regulatory investigations and government enforcement actions;
- we may decide or be forced to remove a product from the marketplace;
- we could be sued and held liable for injuries caused or purportedly caused by use or ingestion of a product;
- the commercialization potential may be harmed; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our product candidates and could significantly harm our business, prospects, financial condition and results of operations.

Changes in regulatory requirements, FDA guidance or unanticipated events during our preclinical studies and clinical studies of our product candidates may occur, which may result in changes to preclinical or clinical study protocols or additional preclinical or clinical study requirements, which could result in increased costs to us and could delay our development timeline.

Changes in regulatory requirements, FDA guidance or unanticipated events during our preclinical studies and clinical studies may force us to amend preclinical studies and clinical study protocols or the FDA may impose additional preclinical studies and clinical study requirements. Amendments or changes to our clinical study protocols would require resubmission to the FDA and IRBs for review and approval, which may increase the cost or delay the timing or successful completion of clinical studies. Similarly, amendments to our preclinical studies may increase the cost or delay the timing or successful completion of those preclinical studies. If we experience delays completing, or if we terminate, any of our preclinical or clinical studies, or if we are required to conduct additional preclinical or clinical studies, the commercial prospects for our product candidates may be harmed and our ability to generate product revenue will be delayed.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

In order to market any product outside of the United States, we must establish and comply with the numerous and varying safety, efficacy and other regulatory requirements of other countries. Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA or other comparable foreign regulatory authority grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical or clinical studies, as studies conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. The marketing approval processes in other countries may implicate all of the risks detailed above regarding FDA approval in the United States, as well as other risks. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our product candidates is also subject to approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. Failure to obtain marketing approval in other countries or any delay or other setback in obtaining such approval would impair our ability to market our product candidates in such countries. Any such impairment would reduce the size of our potential market, which could have a material adverse impact on our business, prospects, financial condition and results of operations.

Orphan drug status may not ensure that we have market exclusivity in a particular market, and we could lose orphan market exclusivity if another drug is approved first using the same method of action or demonstrates clinical superiority.

We may pursue orphan drug status for certain of our pipeline programs. In June 2018, olinciguat received orphan drug designation for the treatment of patients with SCD. In the United States, a

product candidate with orphan drug status qualifies for market exclusivity for seven years after FDA approval, unless a chemically identical competing product for the same indication is proven to be “clinically superior,” that is, safer, more effective or significantly more convenient. Thus, if olinciguat or our other product candidates is granted regulatory approval in the United States, the FDA may not approve a competing generic product during the market exclusivity period. In Europe, EMA regulations provide ten-year marketing exclusivity for orphan drugs, subject to certain exceptions, including the demonstration of “clinically relevant superiority” by a similar medicinal product. EMA orphan marketing exclusivity applies to drug products for the same indication that use the same method of action but can be chemically dissimilar. If olinciguat or our other product candidates were to fail to obtain orphan drug status, or lose such status after it is obtained, or the marketing exclusivity that such status provides, our business, prospects, financial condition and results of operations could be materially harmed.

Risks Related to Our Reliance on Third Parties

We rely, and expect that we will continue to rely, on third parties to conduct any preclinical or clinical studies for our product candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We do not have the ability to independently conduct clinical studies. We rely on medical institutions, clinical investigators, contract laboratories and other third parties, such as CROs, to conduct clinical studies on our product candidates. We rely heavily on these parties for execution of clinical studies for our product candidates and can control only certain aspects of their activities. As a result, we have less direct control over the conduct, timing and completion of these clinical studies and the management of data developed through clinical studies than would be the case if we were relying entirely upon our own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may have staffing difficulties, fail to comply with contractual obligations, experience regulatory compliance issues, undergo changes in priorities, become financially distressed or form relationships with other entities, some of which may be our competitors.

These factors may materially impede the willingness or ability of third parties to conduct our clinical studies and may subject us to unexpected cost increases that are beyond our control. Nevertheless, we are responsible for ensuring that each of our clinical studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific requirements and standards, and our reliance on CROs does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with regulations and guidelines, including good clinical practices, or GCPs, for conducting, monitoring, recording and reporting the results of clinical studies to ensure that the data and results are scientifically credible and accurate, and that the study patients are adequately informed of the potential risks of participating in clinical studies. These regulations are enforced by the FDA and comparable foreign regulatory authorities for any products in clinical development. The FDA enforces GCP regulations through periodic inspections of clinical study sponsors, principal investigators and study sites. If we and our CROs or our investigators fail to comply with applicable GCPs, the clinical data generated in our clinical studies may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical studies before approving our marketing applications. We cannot assure you that, upon inspection, the FDA will determine that any of our clinical studies comply with GCPs. In addition, our clinical studies must be conducted with product candidates produced under current good manufacturing practice, or GMP, regulations and will require a large number of test patients. Our failure or the failure of our CROs to comply with these regulations may require us to repeat clinical studies, which would delay the regulatory approval process and could also subject us to enforcement action up to and including civil and criminal penalties.

Although we design our product candidate clinical studies, CROs conduct all of the clinical studies. As a result, many important aspects of the execution of our drug development programs are outside of our direct control. In addition, the CROs may not perform all of their obligations under arrangements with us or in compliance with regulatory requirements, but we remain responsible and are subject to enforcement action that may include civil penalties and criminal prosecution for any violations of FDA laws and regulations during the conduct of our clinical studies. If the CROs do not perform clinical studies in a satisfactory manner, breach their obligations to us or fail to comply with regulatory requirements, the development and commercialization of our product candidates may be delayed or our development program materially and irreversibly harmed. We may fail to control the amount and timing of resources these CROs devote to our program or our clinical products. If we are unable to rely on clinical data collected by our CROs, we could be required to repeat, extend the duration of, or increase the size of our clinical studies and this could significantly delay commercialization and require significantly greater expenditures.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, any clinical studies such CROs are associated with may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, we believe that our financial results and the commercial prospects for our product candidates in the approved indication would be harmed, our costs could increase and our ability to generate revenue could be delayed.

We rely completely on third-party suppliers to manufacture our non-clinical and clinical drug supplies for our product candidates, and we intend to rely on third parties to produce commercial supplies of any product candidates that are approved.

We do not currently have, nor do we plan to acquire, the infrastructure or capability to internally manufacture the clinical drug supply of our product candidates, or any future product candidates, for use in the conduct of our clinical studies, and we lack the internal resources and the capability to manufacture any product candidates on a clinical or commercial scale. We depend on third-party contract manufacturing organizations, or CMOs, for all of our requirements of raw materials, drug substance and drug product for our ongoing clinical trials of praliguat, olinciguat and IW-6463. We do not have long-term supply agreements in place with our CMOs and each batch of our product candidates is individually contracted under a services agreement on a purchase order basis. We expect to continue to rely on CMOs for the supply of praliguat, olinciguat and IW-6463 for later-stage development and commercialization, as well as for the supply of any other product candidates that we may identify, and we may not be able to enter into long-term supply agreements with such CMOs on favorable terms. As a result, we are subject to price fluctuations for our clinical drug supplies. If the prices charged by these CMOs increase, our business, prospects, financial condition and results of operations could be materially harmed.

In addition, the facilities used by our contract manufacturers to manufacture the active pharmaceutical ingredient and final drug product must complete a pre-approval inspection by the FDA and other comparable foreign regulatory agencies to assess compliance with applicable requirements, including current GMP, after we submit our new drug application, or NDA, or relevant foreign regulatory submission to the applicable regulatory agency. If the FDA or an applicable foreign regulatory agency determines now or in the future that these facilities are noncompliant, we may need to find alternative manufacturing facilities, which would impede our ability to develop, obtain regulatory approval for or market our product candidates.

Our reliance on third parties requires us to share our confidential information, including trade secrets and know-how, which increases the possibility that our confidential information will be misappropriated or disclosed.

Because we rely on third parties to manufacture our product candidates, and because we collaborate with various CROs to conduct our clinical trials, we must, at times, share our trade secrets or know-how with them. We seek to protect our confidential information, including know-how and trade secrets, in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors and consultants prior to beginning our collaborations or disclosing confidential information to such parties. These agreements typically limit the rights of the third parties to use or disclose our confidential information, such as trade secrets and know-how. Despite these contractual provisions, the need to share our confidential information with third parties increases the risk that confidential information such as trade secrets and know-how becomes known by our competitors, is inadvertently incorporated into the technology of others, or is disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our confidential information including know-how and trade secrets, a competitor's discovery of our confidential information or other unauthorized use or disclosure could impair our competitive position and may have a material adverse effect on our business, prospects, financial condition and results of operations.

Any collaboration or license arrangements that we may enter into in the future may not be successful, which could impede our ability to develop and commercialize our product candidates.

We may seek collaboration or license arrangements for the commercialization, or potentially for the development, of certain of our product candidates depending on the merits of retaining commercialization rights for ourselves as compared to entering into collaboration or license arrangements. We will face, to the extent that we decide to enter into such arrangements, significant competition in seeking appropriate partners. Moreover, collaboration and license arrangements are complex and time-consuming to negotiate, document, implement and maintain. We may not be successful in our efforts to establish and implement such arrangements should we so choose to enter into them. The terms of any collaborations, licenses or other arrangements that we may establish may not be favorable to us.

Any future collaboration or license arrangements that we enter into may not be successful. The success of such arrangements will depend heavily on the efforts and activities of our partners. Collaboration and license arrangements are subject to numerous risks, which may include risks that:

- partners have significant discretion in determining the efforts and resources that they will apply to collaborations;
- a partner with marketing, manufacturing and distribution rights to one or more products may not commit sufficient resources to or otherwise not perform satisfactorily in carrying out these activities;
- partners may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- collaboration and license arrangements may be terminated, and, if terminated, this may result in a need for additional capital to pursue further development or commercialization of the applicable current or future product candidates;
- partners may own or co-own intellectual property covering products that results from our collaborating with them, and in such cases, we would not have the exclusive right to develop or commercialize such intellectual property;

- disputes may arise with respect to the ownership of any intellectual property developed pursuant to our collaboration or license arrangements; and
- a partner's sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

Risks Related to Our Intellectual Property Rights

If we are unable to adequately protect our proprietary technology, or obtain and maintain issued patents that are sufficient to protect our product candidates, others could compete against us more directly, which would have a material adverse impact on our business, prospects, financial condition and results of operations.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection in the United States and other countries for commercially important technology, inventions and know-how related to our business, defend and enforce our patents, should they issue, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties. We strive to protect and enhance the proprietary technologies that we believe are important to our business, including seeking patents intended to cover our products and compositions, their methods of use and any other inventions that are important to the development of our business.

As of February 28, 2019, we had 10 issued U.S. patents, 23 pending U.S. patent applications, seven pending Patent Cooperation Treaty, or PCT, applications, and numerous foreign patents and pending patent applications. Our issued U.S. and foreign patents covering olinciguat expire between 2031 and 2034 and our issued U.S. and foreign patents covering praliguat also expire between 2031 and 2034, in each case subject to patent term extensions. We have no issued patents covering IW-6463, and our pending patent applications relating to IW-6463, if issued, will expire in 2037 or later. See "Business—Intellectual Property." We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

The patent positions of biotechnology and pharmaceutical companies, including ours, involve complex legal and factual questions, which in recent years have been the subject of much litigation, and, therefore, the issuance, scope, validity, enforceability and commercial value of any patent claims that we may obtain cannot be predicted with certainty. Our pending patent applications may not be granted as issued patents in any particular jurisdiction and, even if they do, these patents may not include claims with a scope sufficient to protect our product candidates or otherwise provide any competitive advantage.

Even if our patent applications are issued, competitors and other third parties may infringe, misappropriate or otherwise violate our patents and other intellectual property rights. We may not be able to prevent infringement, misappropriation or other violations of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming and divert the attention of our management and key personnel from our business operations.

Moreover, our patents, if issued, may be challenged, deemed unenforceable, invalidated or circumvented in the United States and abroad. U.S. patents and patent applications may also be subject to interference, derivation, *ex parte* reexamination, post-grant review, or *inter partes* review proceedings, supplemental examination and challenges in district court. Interference proceedings provoked by third parties or brought by us may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our involvement in litigation or interference proceedings may fail and, even if successful, may result in substantial costs,

and distract our management and other employees. Furthermore, an adverse decision in an interference or derivation proceeding can result in a third party receiving the patent right sought by us, which in turn could affect our ability to develop, market or otherwise commercialize our product candidates.

Patents may also be subjected to opposition, post-grant review or comparable proceedings lodged in various foreign, both national and regional, patent offices or courts. Such proceedings could result in revocation or amendment of our patents in such a way that they no longer cover our product candidates or competitive products. In addition, such proceedings may be costly. Thus, any patents, should they issue, that we may own or exclusively license may not provide any protection against competitors.

Furthermore, though a patent, if it were to issue, is presumed valid and enforceable, its issuance is not conclusive as to its validity or its enforceability and it may not provide us with adequate protection to exclude competitors from making similar products. Even if a patent issues and is held to be valid and enforceable, competitors may be able to design around or circumvent our patents, such as by using pre-existing or newly developed technology or products in a non-infringing manner. If these developments were to occur, they could have a material adverse effect on our business, prospects, financial condition and results of operations.

Any litigation to enforce or defend our patent rights, even if we were to prevail, would be costly and time-consuming and would divert the attention of our management and key personnel from our business operations. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded if we were to prevail may not be commercially meaningful.

In addition, proceedings to enforce or defend our patents, if and when issued, puts our patents at risk of being invalidated, held unenforceable or not infringed, or interpreted narrowly. Such proceedings could also provoke third parties to assert counterclaims against us, including that some or all of the claims in one or more of our patents are invalid, not infringed or unenforceable. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for unenforceability assertions of a patent include allegations that someone connected with prosecution of the patent application that matured into the patent withheld relevant information from the U.S. Patent and Trademark Office, or the USPTO, or made a misleading statement, during prosecution of the patent application. In an infringement proceeding, a court may disagree with our allegations and refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question, or may decide that a patent of ours is invalid or unenforceable. An adverse result in any litigation, defense or post-grant proceedings could result in one or more of our patents being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it would have a material adverse effect on the price of our common stock.

The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates.

If any of our patents, if and when issued, covering our product candidates are invalidated or found not infringed or unenforceable, our business, prospects, financial condition and results of operations could be materially harmed.

We may infringe the intellectual property rights of others, which may prevent or delay our product development efforts and stop us from commercializing or increase the costs of commercializing our product candidates, if approved.

Our success will depend in part on our ability to operate without infringing, misappropriating or otherwise violating the intellectual property and proprietary rights of third parties. Other parties may allege that our product candidates or the use of our technologies infringes or otherwise violates patent claims or other intellectual property rights held by them or that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to compositions, materials, formulations, methods of manufacture or methods for treatment related to our product candidates. Because patent applications can take many years to issue, third parties may have currently pending patent applications which may later result in issued patents that our product candidates may infringe, or which such third parties claim are infringed by our technologies.

The pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. Patent and other types of intellectual property litigation can involve complex factual and legal questions, and their outcome is uncertain and cannot be adequately quantified in advance. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our product candidates, products or methods either does not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be able to do this. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could have a material adverse effect on our business and operating results. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court, or redesign our products. In addition, if any such claim were successfully asserted against us and we could not obtain such a license, we may be forced to stop or delay developing, manufacturing, selling or otherwise commercializing our product candidates. Any claim relating to intellectual property infringement that is successfully asserted against us may require us to pay substantial damages, including treble damages and attorney's fees if we are found to be willfully infringing another party's patents, for past use of the asserted intellectual property and royalties and other consideration going forward if we are forced to take a license.

Any of these risks coming to fruition could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We enter into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors. We also enter into employment agreements with employees. We seek to have inventions assigned to us by the person rendering services. However, we may not be able to enter into these agreements with all parties or these agreements may not be honored and may not effectively assign intellectual property rights to us.

Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions over the lifetime of our owned patents and applications. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors or other third parties might be able to enter the market earlier than would otherwise have been the case and this circumstance could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

The statutory deadlines for pursuing patent protection in individual foreign jurisdictions are based on the priority date of each of our patent applications and we may not timely file foreign patent applications. Thus, for each of the patent families that we believe provide coverage for our product candidates, we will need to decide whether and where to pursue protection outside the United States. Filing and prosecuting patent applications, and defending patents on product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and so we are unlikely to pursue and maintain patents in all countries worldwide. As such, competitors may use our technologies in jurisdictions where we do not pursue and obtain patent protection to develop their own products.

The laws of some foreign countries may not protect intellectual property rights to the same extent as the laws of the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States even if we have a patent in that jurisdiction. Further, a competitor may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if we pursue and obtain issued patents in particular jurisdictions, our patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to biotechnology or pharmaceuticals. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of or marketing of competing products in violation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of

being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

If we do not obtain additional protection under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, and similar foreign legislation by extending the patent terms and obtaining data exclusivity for our product candidates, our business, prospects, financial condition and results of operations may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one or more of the U.S. patents we own may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent term extension as compensation for patent term lost during the FDA regulatory review process. A maximum of five years can be restored to the eligible patent. In all cases, the total patent life for the product with the patent extension cannot exceed 14 years from the product's approval date, or in other words, 14 years of potential marketing time. However, we may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, the duration of patent protection we obtain for our product candidates may not provide us with any meaningful commercial or competitive advantage, our competitors may obtain approval of competing products earlier than they would otherwise be able to do so, and our ability to generate revenues could be harmed.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biotechnology companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involve both technological and legal complexity, and is therefore costly, time-consuming and inherently uncertain. In addition, the United States has recently enacted and is currently implementing wide-ranging patent reform legislation: the Leahy-Smith America Invents Act. The America Invents Act includes a number of significant changes to U.S. patent law. These provisions affect the way patent applications will be prosecuted and may also affect patent litigation. It is not yet clear what, if any, impact the America Invents Act will have on the operation of our business. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any patents that may issue from our patent applications, all of which could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition to increasing uncertainty with regard to our ability to obtain future patents, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on these and other decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce any patents that may issue in the future.

We may be subject to damages resulting from claims that we or our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers.

Our employees may have been previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We also engage advisors and consultants who are concurrently employed at universities or who perform services for other entities.

Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, and although we are not aware of any claims currently pending against us, we may be subject to claims that we or our employees, advisors or consultants have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third party. We may be subject to claims that an employee, advisor or consultant performed work for us that conflicts with that person's obligations to a third party, such as an employer, and thus, that the third party has an ownership interest in the intellectual property arising out of work performed for us. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our product candidates, which would materially harm our commercial development efforts.

Risks Related to the Future Commercialization of Our Product Candidates

The incidence and prevalence for target patient populations of our product candidates have not been established with precision. If the market opportunities for our product candidates are smaller than we estimate, or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability may be harmed.

The incidence and prevalence for all the conditions we aim to address with our programs are unknown. Our projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on beliefs and estimates. These estimates have been derived from a variety of sources, including the scientific literature, surveys of clinics, patient foundations or market research, and may prove to be incorrect. Further, new trials may change the estimated incidence or prevalence of these diseases. The total addressable market across all of our product candidates will ultimately depend upon, among other things, the diagnosis criteria included in the final label for each of our product candidates, if approved for sale for these indications, acceptance by the medical community and patient access, drug pricing and reimbursement. The number of patients in the United States and other major markets and elsewhere may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our products or new patients may become increasingly difficult to identify or gain access to, all of which would harm our results of operations and our business. Further, even if we obtain significant market share for our product candidates, because the potential target populations are very small, we may never achieve profitability despite obtaining such significant market share.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates, if approved, we may not be successful in commercializing those product candidates if and when they are approved.

We do not currently have an infrastructure for the sale, marketing, market access, patient service and distribution of pharmaceutical products. In order to market our product candidates, if approved by the FDA or any other regulatory authority outside the United States, we must build our sales, marketing, managerial and other non-technical capabilities, or arrange with third parties to perform

these services. There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time-consuming and could delay any product candidate launch. If commercialization is delayed or does not occur, we would have prematurely or unnecessarily incurred such expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

If we enter into arrangements with third parties to perform sales, marketing, commercial support and distribution services, our product revenue or the profitability of product revenue may be lower than if we were to market and sell any products we may develop ourselves. In addition, we may fail to enter into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, or if we are unable to do so on commercially reasonable terms, we will not be successful in commercializing our product candidates if approved and our business, prospects, financial condition and results of operations will be materially harmed.

Even if we obtain regulatory approval for our product candidates, our product candidates may not achieve broad market acceptance by patients, physicians, healthcare payors or others in the medical community, which would limit the revenue that we generate from their sales.

The future commercial success of our product candidates, if approved by the FDA or other applicable regulatory authorities outside the United States, will depend upon the awareness and acceptance of our product candidates among the medical community, including patients, physicians and healthcare payors. If any of our product candidates are approved but do not achieve an adequate level of acceptance by patients, physicians, healthcare payors and others in the medical community, we may not generate sufficient revenue to become, or remain, profitable. Market acceptance of our product candidates, if approved, will depend on a number of factors, including, among others:

- the efficacy and safety of our approved product candidates as demonstrated in clinical trials;
- the clinical indications for which our product candidates are approved;
- limitations or warnings contained in the labeling approved for our product candidates by the FDA or other applicable regulatory authorities;
- any restrictions on the use of our products together with other medications or restrictions on the use of our products in certain types of patients;
- the prevalence and severity of any adverse effects associated with our product candidates;
- the size of the target patient population, and the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the safety, efficacy, cost and other potential advantages of our approved product candidates compared to other available therapies;
- our ability to generate cost effectiveness data that supports a profitable price;
- our ability to obtain sufficient reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of sufficient payor coverage.
- the effectiveness of our sales and marketing strategies; or
- publicity concerning our products or competing products and treatments.

If our product candidates are approved but do not achieve an adequate level of acceptance by patients, physicians and payors, we may not generate sufficient revenue from our product candidates to become or remain profitable. Before granting reimbursement approval, healthcare payors may require us to demonstrate that our product candidates, in addition to treating these target indications, also provide incremental health benefits to patients. Our efforts to educate the medical community and third-party payors about the benefits of our product candidates may require significant resources and may never be successful.

Reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our products profitably. Price controls may be imposed in foreign markets, which may harm our future profitability.

Market acceptance and sales of any approved product candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payors and government authorities and may be affected by existing and future health care reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that use of a product is: a covered benefit under its health plan; safe, effective and medically necessary; appropriate for the specific patient; cost-effective; and neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor. We or our partners may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our products. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our products. In addition, in the United States, third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement of new drugs. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved drugs, which in turn will put pressure on the pricing of drugs.

In some countries, particularly member states of the European Union, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we or our partners may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed.

If we fail to comply with healthcare and other regulations, we could face substantial penalties and our business, prospects, financial condition and results of operations could be harmed.

The product candidates that we are evaluating in clinical studies are subject to certain federal and state healthcare laws and regulations that may affect our business. These laws and regulations include:

- federal healthcare program anti-kickback laws, which prohibit, among other things, persons from offering, soliciting, receiving or providing remuneration, directly or indirectly, as an inducement or reward for their past, current or potential future prescribing, purchase, use, recommending for use, referral, formulary placement, or dispensing of our products;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which prohibits executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters and which also imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;
- the Federal Food, Drug, and Cosmetic Act, which among other things, strictly regulates drug product and medical device research, development, and marketing, prohibits manufacturers from marketing or promoting such products prior to approval; and
- state law equivalents of the above federal laws, such as anti-kickback laws, state transparency laws, state laws limiting interactions between pharmaceutical manufacturers and members of the healthcare industry and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by federal laws, thus complicating compliance efforts.

In addition, we may be subject to privacy and security laws in the various jurisdictions in which we operate, obtain or store personally identifiable information. For example, if we conduct clinical studies in any of the member states of the European Union, the processing of personal data in the European Economic Area, or the EEA, is subject to the 1995 Data Protection Directive, imposing strict obligations and restrictions on the ability to collect, analyze and transfer personal data. In May 2018, the General Data Protection Regulation, or the GDPR, took effect, increasing our obligations with respect to clinical studies conducted in the EEA and increasing the scrutiny applied by clinical study sites located in the EEA to transfers of personal data from such sites to countries that are considered by the European Commission to lack an adequate level of data protection, such as the United States. The compliance obligations imposed by the GDPR may increase our cost of doing business. In addition, the GDPR imposes substantial fines for breaches of data protection requirements, and it confers a private right of action on data subjects for breaches of data protection requirements.

If our operations are found to be in violation of any of the laws described above or any other laws, rules or regulations that apply to us, we will be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our operations. Any penalties, damages, fines, curtailment or restructuring of our operations could impede our ability to operate our business and our financial results. Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, rules or regulations, we cannot be certain that this will address all areas of potential exposure and the risks in this area cannot be entirely eliminated, particularly because the requirements and government interpretations of the requirements in this space are constantly evolving. Any action against us for violation of these laws, rules or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business, as well as damage our business or reputation. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security, fraud and reporting laws may prove costly.

We face significant competition in an environment of rapid technological and scientific change, and our competitors may achieve regulatory approval before us or develop therapies that are safer, more advanced or more effective than ours, which may harm our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.

Our future success depends on our ability to demonstrate and maintain a competitive advantage with respect to the design, development and commercialization of our product candidates. Our objective is to design, develop and commercialize new products with superior efficacy, safety, tolerability and convenience. In many cases, our product candidates that we commercialize will compete with existing, market-leading products. The development and commercialization of new drug products is highly competitive. We may face competition with respect to any product candidates that we seek to develop or commercialize in the future from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Bayer and Merck, or Bayer/Merck, have an active collaboration on sGC and may be targeting some of the same indications through a similar mechanism of action with one sGC stimulator, ADEMPAS[®] (riociguat), which has been approved for the treatment of Pulmonary Arterial Hypertension, or PAH, and Chronic Thromboembolic Pulmonary Hypertension, or CTEPH. Bayer/Merck are also evaluating sGC product candidates in a number of indications, including vericiguat for the treatment of heart failure. Such sGC products may compete directly with our own product candidates in our target indications. Because Bayer/Merck already have experience conducting successful clinical trials and obtaining regulatory approvals for an sGC product, they may be able to conduct clinical trials and obtain regulatory approvals for additional product candidates and target indications more quickly or efficiently than we can.

Furthermore, we are aware of a number of other approved products and late-stage product candidates for the treatment of our target indications. Two products have been approved to reduce the acute complications of SCD, such as painful crises, hydroxyurea (marketed as DROXIA[®] or SIKLOS[®], as well as other generic forms) and ENDARI[®], and Novartis, Global Blood Therapeutics, Imara, Pfizer, AstraZeneca, Micelle BioPharma, CRISPR Therapeutics/Vertex Pharmaceuticals and bluebird bio each have product candidates in various stages of clinical development for the treatment of SCD, any of which may compete with olinciguat, if approved. Similarly, three products have been approved for the treatment of DN, including AVAPRO[®], CAPOTEN[®] and COZAAR[®], and we are aware of late-stage clinical trials being conducted by Eli Lilly/Boehringer Ingelheim, AstraZeneca, Janssen and Bayer for the treatment of DN that might compete with praliciguat, if approved. Similarly, Novartis, Bayer/Merck, AstraZeneca and Eli Lilly/Boehringer Ingelheim each have product candidates in late-stage clinical trials for the treatment HFpEF, any of which may also compete with praliciguat, if approved. If our product candidates do not obtain regulatory approvals in our target indications prior to these or any other competing product candidates, or if our product candidates do not demonstrate superior efficacy, safety or tolerability compared to these and any other approved therapeutics for our target indications, we may not be able to compete effectively.

Many of our current or potential competitors, either alone or with their strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical studies, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or

other regulatory approval for their products more rapidly than we may obtain approval for ours and may obtain orphan product exclusivity from the FDA for indications our product candidates are targeting, which could result in our competitors establishing a strong market position before we are able to enter the market.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity and/or enforceability of our patents relating to our competitors' products and our competitors may allege that our products infringe, misappropriate or otherwise violate their intellectual property. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize. See "—Risks Related to Our Intellectual Property Rights."

The impact of healthcare reform and other governmental and private payor initiatives may harm our business.

Our revenue prospects could be affected by changes in healthcare spending and policy in the United States and abroad. We operate in a highly regulated industry and new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to health care availability, the method of delivery or payment for health care products and services could harm our business, operations and financial condition. There is significant interest in promoting health care reform, as evidenced by the enactment in the United States of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act in 2010. It is likely that federal and state legislatures within the United States and foreign governments will continue to consider changes to existing health care legislation. We cannot predict the reform initiatives that may be adopted in the future or whether initiatives that have been adopted will be repealed or modified. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare may adversely affect: the demand for any drug products for which we may obtain regulatory approval; our ability to set a price that we believe is fair for our products; our ability to obtain coverage and reimbursement approval for a product; our ability to generate revenues and achieve or maintain profitability; and the level of taxes that we are required to pay.

Our future growth may depend, in part, on our ability to commercialize our product candidates outside the United States, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future profitability may depend, in part, on our ability to commercialize our product candidates outside the United States for which we may rely on partnerships with third parties. If we commercialize our product candidates outside the United States, we would be subject to additional risks and uncertainties, including:

- our customers' ability to obtain reimbursement for our product candidates outside the United States;
- our ability to gain reimbursement in foreign markets at a price that is profitable;
- our inability to directly control commercial activities because we are relying on third parties;
- the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements;
- different medical practices and customs in foreign countries affecting acceptance in the marketplace;
- import or export licensing requirements;
- longer accounts receivable collection times;

- longer lead times for shipping;
- language barriers for technical training;
- reduced protection of intellectual property rights in some foreign countries;
- the existence of additional potentially relevant third-party intellectual property rights;
- foreign currency exchange rate fluctuations; and
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute.

Foreign sales of our product candidates could also be harmed by the imposition of governmental controls, political and economic instability, trade restrictions and changes in tariffs.

In light of the large population of patients with SCD who reside in foreign countries, our ability to generate meaningful revenues in those jurisdictions may be limited due to the strict price controls and reimbursement limitations imposed by governments outside of the United States.

In some countries, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a drug. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies, or to meet other criteria for pricing approval. Given the significant portion of the population of patients with SCD who reside outside of the United States, if reimbursement of olinciguat, if approved, is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, prospects, financial condition and results of operations could be harmed.

If any of our product candidates obtain regulatory approval, additional competitors could enter the market with generic versions of such drugs, which may result in a material decline in sales of affected products.

Under the Hatch-Waxman Act, a pharmaceutical manufacturer may file an abbreviated new drug application, or an ANDA, seeking approval of a generic copy of an approved, small-molecule innovator product. Under the Hatch-Waxman Act, a manufacturer may also submit an NDA that references the FDA's prior approval of the small-molecule innovator product. The Hatch-Waxman Act also provides for certain periods of regulatory exclusivity. These include, subject to certain exceptions, the period during which an FDA-approved drug is subject to orphan drug exclusivity. In addition to the benefits of regulatory exclusivity, an innovator NDA holder may have patents claiming the active ingredient, product formulation or an approved use of the drug, which would be listed with the product in the FDA publication, "Approved Drug Products with Therapeutic Equivalence Evaluations," known as the "Orange Book." If there are patents listed in the Orange Book, a generic or NDA applicant that seeks to market its product before expiration of the patents must include in the ANDA a "Paragraph IV certification," challenging the validity or enforceability of, or claiming non-infringement of, the listed patent or patents.

Accordingly, if any of our product candidates are approved, competitors could file ANDAs for generic versions of our small-molecule drug products or NDAs that reference our small-molecule drug products, respectively. If there are patents listed for our small-molecule drug products in the Orange Book, those ANDAs and NDAs would be required to include a certification as to each listed patent indicating whether the ANDA applicant does or does not intend to challenge the patent. We cannot predict which, if any, patents in our current portfolio or patents we may obtain in the future will be eligible for listing in the Orange Book, how any generic competitor would address such patents, whether we would sue on any such patents, or the outcome of any such suit.

We may not be successful in securing or maintaining proprietary patent protection for products and technologies we develop or license. Moreover, if any of our patents that are listed in the Orange Book are successfully challenged by way of a Paragraph IV certification and subsequent litigation, the affected product could immediately face generic competition and its sales would likely decline rapidly and materially.

Risks Related to Our Business Operations

Our prospects for success depend on our ability to retain our management team and to attract, retain and motivate qualified personnel.

We are highly dependent on our management, scientific and medical personnel, including our Chief Executive Officer, Peter M. Hecht, Ph.D., our President, Mark Currie and our Chief Financial Officer, William Huyett. Despite our efforts to retain valuable employees, members of our management, scientific and development teams may terminate their employment with us on short notice. The loss of the services of any of our executive officers, other key employees and other scientific and medical advisors and an inability to find suitable replacements could result in delays in product development and harm our business. Pursuant to their employment arrangements, each of our executive officers, and other employees may voluntarily terminate their employment at any time, with or without notice. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior managers as well as junior, mid-level and senior scientific and medical personnel.

We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for a limited number of qualified personnel among biopharmaceutical, biotechnology, pharmaceutical and other businesses. Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high quality candidates than what we may be able to offer. We also experience competition for the hiring of scientific personnel from universities and research institutions. The failure to succeed in preclinical or clinical studies may make it more challenging to recruit and retain qualified personnel. In addition, in order to induce employees to continue their employment with us, we have provided equity awards that vest over time and the value to our employees of such equity awards may be significantly affected by movements in our stock price that are beyond our control and may be at any time insufficient to counteract more lucrative offers from other companies. If we are unable to continue to attract and retain high quality personnel, the rate and success at which we can develop and commercialize product candidates will be limited.

We will need to expand our organization and we may experience difficulties in managing this growth, which could disrupt our operations.

As of February 28, 2019, we had 140 full-time employees. As we mature, we expect to expand our full-time employee base and to hire more consultants and contractors. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenues could be reduced and we may not be able to implement our business strategy. Our future financial performance and our ability to

commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

We face potential product liability exposure, and, if claims are brought against us, we may incur substantial liability.

The use of our product candidates in clinical studies and the sale of our products, if approved, exposes us to the risk of product liability claims. Product liability claims might be brought against us by patients, healthcare providers or others selling or otherwise coming into contact with our product candidates. For example, we may be sued if any product candidate we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, including as a result of interactions with alcohol or other drugs, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we become subject to product liability claims and cannot successfully defend ourselves against them, we could incur substantial liabilities. In addition, regardless of merit or eventual outcome, product liability claims may result in, among other things: withdrawal of subjects from our clinical studies; substantial monetary awards to patients or other claimants; decreased demand for our product candidates or any future product candidates following marketing approval, if obtained; damage to our reputation and exposure to adverse publicity; increased FDA warnings on product labels; litigation costs; distraction of management's attention from our primary business; loss of potential revenue; and the inability to successfully commercialize our product candidates or any future product candidates, if approved.

We maintain product liability insurance coverage for our clinical studies through both domestic and international insurance policies, subject to an annual coverage limit. Nevertheless, our insurance coverage may be insufficient to reimburse us for any expenses or losses we may suffer if a judgment or settlement exceeds available insurance proceeds. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses, including if insurance coverage becomes increasingly expensive. If and when we obtain marketing approval for our product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may not be able to obtain this product liability insurance on commercially reasonable terms. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial, particularly in light of the size of our business and financial resources. A product liability claim or series of claims brought against us could cause our stock price to decline and, if we are unsuccessful in defending such a claim or claims and the resulting judgments exceed our insurance coverage, our business, prospects, financial condition and results of operations could be materially harmed.

During the course of treatment, patients may suffer adverse events, including death, for reasons that may or may not be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market our product candidates, if approved, or require us to suspend or abandon our commercialization efforts of any approved product candidates. Even in a circumstance in which we do not believe that an adverse event is related to our products, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, prospects, financial condition and results of operations.

We will incur increased costs as a result of operating as a public company. If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could result in sanctions or other penalties that would harm our business.

Following the distribution, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of The Nasdaq Global Market. Our financial results historically were included within the consolidated results of Ironwood, and until the distribution occurs, we have not been and will not be directly subject to reporting and other requirements of the Exchange Act and Section 404 of the Sarbanes-Oxley Act. After the distribution, we will qualify as an “emerging growth company” and a “smaller reporting company.” For so long as we remain an emerging growth company, we will be exempt from Section 404(b) of the Sarbanes-Oxley Act, which requires auditor attestation to the effectiveness of internal control over financial reporting. We will cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total gross annual revenues of \$1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the distribution; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Even after we no longer qualify as an emerging growth company, we may still qualify as a smaller reporting company, which would allow us to take advantage of many of the same exemptions from disclosure requirements, including exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in this information statement and our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on the exemptions available to us as an emerging growth company and/or smaller reporting company. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will, however, be subject to Section 404(a) of the Sarbanes-Oxley Act beginning with our first Annual Report on Form 10-K following the separation which requires, among other things, annual management assessments of the effectiveness of our internal control over financial reporting beginning in our second annual report filed after the distribution. As of the expiration of our emerging growth company status and smaller reporting company status, we will be broadly subject to enhanced reporting and other requirements under the Exchange Act and Sarbanes-Oxley Act. This will require, among other things, annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These and other obligations will place significant demands on our management, administrative and operational resources, including accounting and information technology resources. To comply with these requirements, we anticipate that we will need to further upgrade our systems, including duplicating computer hardware infrastructure, implement additional financial and management controls, reporting systems and procedures and hire additional accounting, finance and information technology staff. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costlier. If we are unable to do this in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired and our business, prospects, financial condition and results of operations could be harmed.

We may discover weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls over financial reporting, we may not be able to produce timely and accurate financial statements. If that were to happen, our investors could lose confidence in our reported financial information, the market price of our stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities.

Unfavorable global economic conditions could harm our business, prospects, financial condition and results of operations.

Our results of operations could be harmed by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including, weakened demand for our product candidates and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business, prospects, financial condition and results of operations.

Our internal computer systems, or those of our third-party CROs, CMOs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product candidates' development programs.

Despite the implementation of security measures, our internal computer systems and those of our third-party CROs, CMOs, business development partners and other contractors and consultants may be vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical study data for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities and the further development of our product candidates could be delayed. While we have secured insurance to cover remediation activities associated with a computer virus, threat, malicious malware and other such incidents along with lost income, the adequacy of this insurance, may not be adequate to fully cover costs to restore data and resume normal working operations, which could harm our business, prospects, financial condition and results of operation.

Our employees may engage in misconduct or other improper activities, including violating applicable regulatory standards and requirements or engaging in insider trading, which could significantly harm our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with the regulations of the FDA and applicable foreign regulators, provide accurate information to the FDA and applicable foreign regulators, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately and/or disclose unauthorized activities to us. In particular, research and development, sales, marketing and business arrangements in the healthcare industry are subject to considerable laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict, regulate or prohibit a wide range of activities pertaining to clinical trials including the informed consent process, data integrity and conducting the study in accordance with the investigational plan, and for approved products, pricing,

discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of, including trading on, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. Prior to effecting the distribution, we will adopt code of conduct, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may be ineffective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions, possible exclusions from participation in Medicare, Medicaid and other U.S. federal healthcare programs, contractual damages and reputational harm.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state and local environmental, health and safety laws, regulations and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air and water; and employee health and safety. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, or the FCPA, and other worldwide anti-bribery laws.

We are subject to the FCPA, which prohibits U.S. corporations and their representatives from offering, promising, authorizing or making payments to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business abroad. The scope of the FCPA includes interactions with certain healthcare professionals in many countries. Other countries have enacted similar anti-corruption laws and/or regulations. In some countries in which we operate, the pharmaceutical and life sciences industries are exposed to a high risk of corruption associated with the conduct of clinical trials and other interactions with healthcare professionals and institutions. While we intend to conduct any foreign operations in compliance with the FCPA, any such activities could expose us to potential liability under the FCPA, which may result in us incurring significant criminal and civil penalties and to potential liability under the anti-corruption laws and regulations of other jurisdictions in which we operate. In addition, the costs we may incur in defending against an FCPA investigation could be significant.

Risks Related to the Separation and the Private Placement

We may not achieve some or all of the expected benefits of the separation, and the separation could harm our business, prospects, financial condition and results of operations.

We may not be able to achieve some or all of the anticipated strategic, financial, operational, marketing or other benefits expected to result from the separation, or such benefits may be delayed or not occur at all. These actions may not provide the benefits we currently expect, and could lead to disruption of our operations, loss of or inability to recruit, key personnel needed to operate and grow our businesses following the separation, weakening of our internal standards, controls or procedures and impairment of our key collaborations and supplier relationships. In addition, completion of the

separation has and will continue to require significant amounts of management's time and effort, which may divert management's attention from operating and growing our businesses.

By separating from Ironwood, we may become more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of the current Ironwood organizational structure. As part of Ironwood, we have been able to benefit from Ironwood's experience and expertise as a commercial-stage company developing multiple products, and opportunities to pursue integrated strategies with Ironwood's other business activities. We have also benefited from Ironwood's strategic advantages as an established market participant, including its improved negotiating power and historical partnerships. Additionally, as part of Ironwood, we benefited from Ironwood's market reputation, historical performance and brand identity when operating our business. As a newly formed, independent, publicly traded company, we will not have, and may never develop, a comparable market reputation, performance or brand identity of our own, which may limit our ability to recruit and retain personnel, pursue and negotiate strategic transactions, and access the capital markets to finance our operations. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our business, prospects, financial condition and results of operations may be materially harmed.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company, and we will be reliant on Ironwood for a period of time.

We have historically operated as part of Ironwood's corporate organization, and Ironwood has assisted us by providing various corporate and other business functions. Following the separation, Ironwood will have no obligation to assist our operations or growth strategy, other than providing certain services or rights pursuant to agreements described under "Certain Relationships and Related Person Transactions—Agreements with Ironwood."

For a period of time following the separation, we will be substantially reliant on Ironwood to provide these limited services, and if Ironwood is unable or unwilling to satisfy its obligations under these agreements, we could incur operational difficulties or losses that could have a material and adverse effect on our business, prospects, financial condition and results of operations.

Furthermore, the services to be provided by Ironwood under these agreements do not include every service or all of the information and technology systems that we have received from Ironwood in the past or that are necessary to successfully operate our business, and Ironwood is only obligated to provide these services for limited periods of time from the distribution date. Accordingly, following the separation, we will need to develop internal capabilities to perform these services, or obtain from other third parties services we currently receive from Ironwood. If we are unable to efficiently implement our own systems and services, or if we are unable to negotiate agreements with third-party providers of these services in a timely manner or on terms and conditions as favorable as those we receive from Ironwood, we may not be able to operate our business effectively and our financial condition may decline. Furthermore, if we fail to develop high-quality internal capabilities, or obtain comparable services from third-party providers, in a cost-effective manner, we may be unable to operate our existing business or execute our strategic priorities successfully and efficiently, and our operating results and financial condition may be materially harmed.

In addition, we intend to enter into an intellectual property license agreement with Ironwood prior to the separation pursuant to which, in part, Ironwood will grant us a license to use certain Ironwood know-how in connection with our research and development of sGC stimulator products. If we were to use such licensed know-how and if our rights under the intellectual property license agreement were challenged by a third party or we were otherwise prevented from exercising our rights as contemplated under the intellectual property license agreement, our research and development activities could be

delayed until we were able to either resume exercising such rights or develop or acquire adequate alternative know-how.

We have no history of operating as an independent company and we expect to incur increased administrative and other costs following the separation by virtue of our status as an independent public company. Our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and should not be relied upon as an indicator of our future results.

Our historical information provided in this information statement refers to our business as operated by and integrated with Ironwood. Our historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Ironwood. Accordingly, the historical and pro forma financial information included in this information statement may not reflect the operating results, financial condition or cash flows that we would have achieved as a separate, publicly traded company during the periods presented, or the financial results we will achieve in the future. In particular, our future financial results may vary from the historical and pro forma financial information included in this information statement as a result of the following factors, among others:

- our historical combined financial data does not reflect the separation;
- our historical financial data reflects expense allocations for certain business and support functions that are provided on a centralized basis within Ironwood, such as expenses for research and development and corporate administrative services, including information technology, finance, legal, insurance, compliance and human resources activities, that may be lower than the comparable expenses we would have actually incurred, or will incur in the future, as a standalone company;
- our capital structure will be different from that reflected in our historical combined financial statements;
- significant increases may occur in our cost structure as a result of becoming a standalone public company, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act; and
- the separation may have a material effect on our relationships with our suppliers, collaborators and other business relationships.

Our financial condition and future results of operations, after giving effect to the separation, will be materially different from amounts reflected in our historical financial statements included elsewhere in this information statement. As a result of the separation, it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

The separation may impede our ability to attract and retain key personnel, which could materially harm our business.

Our success depends in large part upon the leadership and performance of our management team and other key employees. Operating as an independent company will demand a significant amount of time and effort from our management and other employees and may give rise to increased employee turnover. If we lose the services of members of our management team or other key employees, we may not be able to successfully manage our business or achieve our business objectives.

Following the separation, we will need to continue to attract and retain qualified key personnel in a highly competitive environment. Our ability to attract, recruit and retain such talent will depend on a number of factors, including the hiring practices of our competitors, the performance of our

development programs, our compensation and benefits, work location and work environment and economic conditions affecting our industry generally. If we cannot effectively hire and retain qualified employees, our business, prospects, financial condition and results of operations could suffer.

The separation may result in disruptions to, and harm our relationships with, our strategic business partners.

Uncertainty related to the separation may lead the suppliers, research organizations, and other parties with which we currently do business or may do business in the future to terminate or attempt to negotiate changes in our existing business relationships, or cause them to delay entering into business relationships with us or consider entering into business relationships with parties other than us. These disruptions could have a material and adverse effect on our business, prospects, financial condition and results of operations. The effect of such disruptions could be exacerbated by any delays in the completion of the separation.

If the distribution, together with certain related transactions, does not qualify as a transaction that is tax-free for U.S. federal income tax purposes, Ironwood and its stockholders could be subject to significant tax liabilities, and we could be required to indemnify Ironwood for material taxes pursuant to indemnification obligations under the tax matters agreement.

Ironwood has received a favorable private letter ruling from the IRS under the pilot program established in Revenue Procedure 2017-52 relating to the U.S. federal income tax treatment of the distribution. Consistent with the guidelines set forth in Revenue Procedure 2017-52, the IRS private letter ruling does not cover all of the issues that are relevant to determining whether the distribution is generally tax free for U.S. federal income tax purposes, including whether the distribution (i) satisfies the business purpose requirement in Section 1.355-2(b) of the Treasury Regulations, (ii) is used principally as a device for the distribution of the earnings and profits of Ironwood or Cyclorion or both or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Ironwood or Cyclorion, or any predecessor, within the meaning of Section 1.355-8T of the Treasury Regulations. Accordingly, it is a condition to the distribution that Ironwood receive an opinion of KPMG LLP, satisfactory to Ironwood's board of directors, confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Any opinion of KPMG LLP will be and the IRS private letter ruling is based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings from us and Ironwood (including those relating to the past and future conduct of us and Ironwood). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if we or Ironwood breach any of our respective covenants relating to the separation, the IRS private letter ruling and any tax opinion may be invalid. Accordingly, notwithstanding receipt of the IRS private letter ruling and an opinion of KPMG LLP, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any such opinion was based are false or have been violated. In addition, an opinion of KPMG LLP represents the judgment of KPMG LLP, which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by Ironwood of the tax opinion and the IRS private letter ruling referred to above, the IRS could assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes.

If the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, Ironwood would recognize taxable gain with respect to our distributed common stock and Ironwood stockholders who receive shares of our common stock in the distribution would be subject to

tax as if they had received a taxable distribution equal to the fair market value of such shares. For more information, see “Material U.S. Federal Income Tax Consequences of the Distribution.”

Even if the distribution were otherwise to qualify as tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to Ironwood under Section 355(e) of the Code if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in Ironwood or Cyclerion. Under the terms of the common stock purchase agreement, the investors in the private placement will acquire up to 46% of Cyclerion’s common stock on a basic shares outstanding method (which is the percentage likely to be used for purposes of this test). For purposes of this test, the private placement will generally be treated as part of such a plan or series of transactions, although some portion of the private placement may be excluded from such treatment if investors who owned shares of Ironwood common stock immediately prior to the distribution participate in the private placement to maintain their respective ownership held immediately prior to the private placement. Nonetheless, the rules governing such exclusions are complex, and there can be no assurance given as to the amount or percentage of the private placement that will be excluded from such treatment under these rules. Thus, a relatively minor additional change in the ownership of the Cyclerion common stock (or, prior to the distribution, in the Ironwood common stock) could trigger a prohibited change in control, resulting in a significant amount of taxable gain for Ironwood under Section 355 of the Code (as a result of which Cyclerion would be required to indemnify Ironwood under the tax matters agreement, as discussed below), if that additional ownership change and the portion of the private placement that must be taken into account were each considered to be part of a plan or series of related transactions that included the distribution and, in the aggregate, resulted in a 50% or greater change in ownership of Cyclerion common stock, as determined under the Code and applicable Treasury regulations. The process for determining whether a prohibited change in control has occurred under the rules is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If Cyclerion or Ironwood does not carefully monitor its compliance with these rules, it might inadvertently cause or permit a prohibited change in the ownership of Cyclerion or of Ironwood to occur. Furthermore, sales and/or acquisitions by the investors in the private placement (or by other persons) of Cyclerion or Ironwood common stock after completion of the distribution (or Ironwood common stock before the distribution) could potentially trigger a prohibited change of control in Cyclerion or Ironwood. For purposes of these rules, any acquisitions of Ironwood or Cyclerion shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Ironwood or Cyclerion may be able to rebut that presumption based on the facts or circumstances or under regulatory safe harbors.

In connection with the distribution, Cyclerion and Ironwood will enter into a tax matters agreement pursuant to which Cyclerion will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, and if and to the extent that such failure results from a prohibited change of control in Ironwood under Section 355(e) of the Code or an acquisition of shares of Ironwood common stock or assets or certain actions by Ironwood, then Ironwood will bear any resulting taxes, interest, penalties and other costs. If and to the extent that such failure results from a prohibited change of control in Cyclerion under Section 355(e) of the Code or an acquisition of Cyclerion stock or assets or certain actions by Cyclerion, then Cyclerion will indemnify Ironwood for any resulting taxes, interest, penalties and other costs, including any reductions in Ironwood’s net operating loss carryforwards or other tax assets. If such failure does not result from a prohibited change of control in Ironwood or Cyclerion under Section 355(e) of the Code and both Cyclerion and Ironwood are responsible for such failure, liability will be shared according to relative fault. If neither Cyclerion nor Ironwood is responsible for such

failure, Ironwood will bear any resulting taxes, interest, penalties and other costs. For a discussion of the tax matters agreement, see “Certain Relationships and Related Person Transactions—Agreements with Ironwood—Tax Matters Agreement.” The indemnification obligations of Cycleron to Ironwood under the tax matters agreement are not expected to be limited in amount or subject to any cap. If Cycleron is required to pay any taxes or indemnify Ironwood and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Cycleron may be subject to substantial liabilities.

We may not be able to engage in attractive strategic or capital-raising transactions following the separation.

To preserve the tax-free treatment of the separation and the distribution for U.S. federal income tax purposes, for the four-year period beginning two years before and ending two years after the distribution, we will be prohibited under the tax matters agreement, except in specific circumstances, from: (i) entering into or approving any transaction involving the acquisition of outstanding or newly issued Cycleron equity that, when combined with other changes in ownership of Cycleron capital stock, results in a change in ownership of 40% or more; (ii) liquidating or partially liquidating, or merging or consolidating (unless Cycleron is the survivor); (iii) making or changing any entity classification election; (iv) ceasing to be engaged in an active trade or business, or selling, transferring or disposing of 30% or more of the assets of any active trade or business; (v) amending any Cycleron organizational documents or taking any action affecting the voting rights of Cycleron capital stock; (vi) redeeming or otherwise repurchasing any of Cycleron’s outstanding stock or options; or (vii) taking or failing to take any other action that would prevent the distribution and certain related transactions from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1) (D) of the Code. These restrictions may limit for a period of time our ability to pursue certain strategic transactions, equity issuances or repurchases or other transactions that we may believe to be in the best interests of our shareholders or that might increase the value of our business. For more information, see “Certain Relationships and Related Person Transactions—Agreements with Ironwood—Tax Matters Agreement.”

In connection with the separation, we will assume and agree to indemnify Ironwood for certain liabilities. If we are required to make payments pursuant to these indemnities to Ironwood, we may need to divert cash to meet those obligations and our financial results could be harmed.

Pursuant to the separation agreement and certain other agreements we intend to enter into with Ironwood, we will assume and agree to indemnify Ironwood for certain liabilities for uncapped amounts, which may include, among other items, associated defense costs, settlement amounts and judgments, as discussed further in “Certain Relationships and Related Person Transactions—Agreements with Ironwood” and “Index to Financial Statements—Audited Combined Financial Statements—Notes to Combined Financial Statements.” Payments pursuant to these indemnities may be significant and could harm our business, particularly indemnities relating to our actions that could impact the tax-free nature of the distribution and certain related transactions. Third parties could also seek to hold us responsible for any of the liabilities of the Ironwood business. Ironwood will agree to indemnify us for liabilities of the Ironwood business, but such indemnity from Ironwood may not be sufficient to protect us against the full amount of such liabilities, and Ironwood may not fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Ironwood any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could harm our business, prospects, financial condition and results of operations.

Our agreements with Ironwood may not reflect terms that would have resulted from negotiations with unaffiliated third parties.

The agreements related to the separation, including, among others, the separation agreement, the employment matters agreement, the tax matters agreement, the intellectual property license agreement, the transition services agreements and the development agreement, will have been entered into in the context of the separation while we are still controlled by Ironwood. Until the distribution occurs, Ironwood will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the terms of any agreements between Ironwood and us and the establishment of the record date and distribution date. As a result, any changes could be unfavorable to us and may not reflect terms that would have resulted from negotiations with unaffiliated third parties. In addition, Ironwood may decide at any time not to proceed with all or any part of the separation. For a more detailed description, see “Certain Relationships and Related Person Transactions—Agreements with Ironwood.”

Certain of our directors and officers may have actual or potential conflicts of interest because of their former positions with Ironwood.

Certain of our directors and officers may own shares of Ironwood common stock or other equity awards as a result of their prior service as Ironwood directors or officers. For certain of these individuals, their holdings of Ironwood common stock or equity awards may be significant compared to their total assets. The ownership of any Ironwood equity or equity awards creates, or may create the appearance of, conflicts of interest when these directors or officers are faced with decisions that could have different implications for Ironwood than for us. Potential conflicts or the appearance of conflicts may also arise because Mark Currie, who is expected to be our President following the separation, is also expected to serve as a director on Ironwood’s board of directors following the separation. These potential conflicts could arise, for example, over matters such as the desirability of changes in our business and operations, funding and capital matters, regulatory matters, matters arising with respect to the separation agreement and other agreements with Ironwood relating to the separation or otherwise, employee retention or recruiting, or our dividend policy.

If we and Ironwood’s landlord are unable to reach an agreement for a direct lease and we are unable to enter into a sublease with Ironwood, we may need to find new space, which could be disruptive to our operations and result in increased expenses.

We are currently negotiating with Ironwood’s landlord, BMR-Rogers Street LLC, or the Landlord, to enter into a direct lease for at least 10 years with respect to a portion of the facilities currently occupied by Ironwood. If we are unable to reach an agreement with the Landlord for a direct lease by the time of the separation or if we reach an agreement with the Landlord prior to the separation but the direct lease has not been finalized because required third-party consents are outstanding, we may need to enter into a sublease for this space or, if we are unable to enter into such a sublease, to lease suitable space in an alternative location. Our ability to lease a suitable alternative location on favorable terms would depend on many factors that are not within our control, such as the local real estate market and competition for desirable properties. Any relocation of our office and laboratory space may be disruptive to our business operations, result in increased expenses, hinder our ability to attract and retain qualified personnel or damage employee morale. Furthermore, even if we were to enter into a sublease or a direct lease, we may not be able to expand our facilities to additional space in the same building. As a result, the leased space may not be sufficient for our longer-term needs.

The combined post-separation value of Ironwood and our common stock may not equal or exceed the pre-separation value of Ironwood common stock.

As a result of the distribution, Ironwood expects the trading price of Ironwood common stock immediately following the distribution to be lower than the trading price of such common stock immediately prior to the distribution because the trading price will no longer reflect the value of our business held by Ironwood. Furthermore, following the distribution, the trading price of our common stock may not reflect the full value of our business and assets, due to market inefficiencies in the initial trading of our shares or variations in investor views regarding our business and prospects, among other market forces. The aggregate market value of Ironwood common stock and our common stock following the separation may be higher or lower than the market value of Ironwood common stock immediately prior to the separation, and may fluctuate, particularly during the period immediately following the distribution.

No vote of Ironwood stockholders is required in connection with this distribution. As a result, if the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your Ironwood common stock prior to the record date.

No vote of the Ironwood stockholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your Ironwood common stock prior to the record date for the distribution.

Failure to complete the private placement could adversely impact the market price of our common stock as well as our business and operating results.

There can be no assurance that the private placement will be completed in a timely manner or at all. If the private placement is not completed for any reason, our business, prospects, financial condition and results of operations will be materially and adversely affected and we may be unable to continue to our business operations as currently conducted, or at all, since we will no longer have the ability to realize the potential benefits relating to the private placement, including, among other things, the receipt of the cash investment.

Risks Related to Ownership of Our Common Stock

There is no existing market for our shares of common stock and an active trading market may not develop for our shares. Once our shares of common stock begin trading, the market price of these shares may fluctuate widely.

There is currently no public market for our shares of common stock. It is anticipated that on or prior to the record date for the distribution, trading of our shares of common stock will begin on a “when issued” basis and will continue up to and including through the distribution date. On the first trading day following the distribution date, any “when issued” trading of our common stock would end and “regular way” trading would begin. However, there can be no assurance that an active trading market for our shares of common stock will develop as a result of the distribution or be sustained in the future.

We cannot predict the prices at which our shares of common stock may trade. The market price of our shares of common stock may fluctuate widely, depending upon many factors, some of which are beyond our control, including the following:

- a relatively low-volume trading market for our shares of common stock may result, which could cause trades of small blocks of shares to have a significant impact on the price of our shares of common stock;

- results and timing of preclinical studies and clinical studies of our product candidates;
- the commercial performance of our products, if approved, as well as the costs associated with such activities;
- results of clinical studies of our competitors' products;
- failure to adequately protect our trade secrets;
- our inability to raise additional capital and the terms on which we raise it;
- commencement or termination of any strategic partnership or licensing arrangement;
- regulatory developments with respect to our products or our competitors' products, including any developments, litigation or public concern about the safety of such products;
- announcements concerning product development results, including clinical trial results, the introduction of new products or intellectual property rights of us or others;
- actual or anticipated fluctuations in our financial condition and our quarterly and annual operating results;
- deviations in our operating results from any guidance we may provide or the estimates of securities analysts;
- additions and departures of key personnel;
- the passage of legislation or other regulatory developments affecting us or our industry;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our common stock by us, our insiders or our other shareholders;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- announcement or expectation of additional financing efforts;
- publication of research reports by securities analysts about us or our competitors or our industry and speculation regarding our company or our stock price in the financial or scientific press or in online investor communities;
- changes in market conditions in the pharmaceutical and biotechnology sector; and
- changes in general market and economic conditions.

In addition, if the market for stocks in our industry or industries related to our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations, financial condition and prospects. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Substantial sales of shares of our common stock may occur immediately following the distribution which could cause the market price of shares of our common stock to decline.

It is possible that many of Ironwood's stockholders will sell the shares of our common stock that they receive in the distribution immediately in the public market because our business profile or market capitalization does not fit their investment objectives, because the shares are not included in certain indices or for other reasons. The sale of significant amounts of our shares or the perception in the market that this will occur may result in the lowering of the market price of our shares. We can offer

no assurance that Ironwood's stockholders will continue to hold the shares they receive in the distribution.

If securities or industry analysts fail to initiate or maintain coverage of our stock, publish a negative report or change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business, our market or our competitors. If securities or industry analysts fail to initiate coverage of our stock, the lack of exposure to the market could cause our stock price or trading volume to decline. If any of the analysts who cover us or may cover us in the future publish a negative report or change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who covers us or may cover us in the future were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Your percentage ownership in the company may be diluted in the future.

In the future, your percentage ownership in the company may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we plan to grant to our directors, officers and employees. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we expect to issue stock options or other share-based awards to employees under our employee benefits plans.

In connection with the distribution, Cycleron has entered into a common stock purchase agreement pursuant to which, upon the completion of the distribution, certain investors will make an aggregate cash investment in Cycleron of up to \$175.0 million in exchange for newly issued shares of Cycleron common stock. If the private placement is consummated, the ownership percentage of Cycleron shareholders will be diluted as a result of the private placement.

In addition, our articles of organization will authorize us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock with respect to dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. See "Description of Cycleron's Capital Stock."

We do not expect to pay any cash dividends for the foreseeable future.

We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our operations. In addition, any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

We have adopted anti-takeover provisions in our articles of organization and bylaws and are subject to provisions of Massachusetts law that may frustrate any attempt to remove or replace our current board of directors or to effect a change of control or other business combination involving our company.

Our articles of organization and bylaws and certain provisions of Massachusetts law may discourage certain types of transactions involving an actual or potential change of control of our company that might be beneficial to us or our security holders. For example, our bylaws grant our directors the right to adjourn any meetings of shareholders. Our board of directors also may issue shares of any class or series of preferred stock in the future without shareholder approval and upon such terms as our board of directors may determine. The rights of the holders of our common stock will be subject to, and may be harmed by, the rights of the holders of any class or series of preferred stock that may be issued in the future. Massachusetts state law also prohibits us from engaging in specified business combinations unless the combination is approved or consummated in a prescribed manner. These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

Our articles of organization designate the state and federal courts located within the Commonwealth of Massachusetts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against us and our directors and officers.

Our articles of organization designate the state and federal courts located within the Commonwealth of Massachusetts as the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our shareholders, creditors or other constituents, any action asserting a claim arising pursuant to any provision of the Massachusetts Business Corporation Act, or the MBCA, or any action asserting a claim governed by the internal affairs doctrine, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. In addition, our articles of organization provide that unless our board of directors consents in writing to the selection of an alternative forum, the U.S. federal district courts shall be the exclusive forum for the resolutions of any complaint asserting a cause of action arising under the U.S. federal securities laws. This exclusive forum provision may limit the ability of our shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against the company and our directors and officers. Alternatively, if a court outside of Massachusetts were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could harm our business, prospects, financial condition and results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials we have filed or will file with the SEC include, or will include, forward-looking statements. All statements in this information statement, in other materials we have filed or will file with the SEC and in related comments by our management, other than statements of historical facts, including statements about future events, financing plans, future financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations, are forward-looking statements that involve certain risks and uncertainties. Use of the words “may,” “will,” “would,” “could,” “should,” “believes,” “estimates,” “projects,” “potential,” “expects,” “plans,” “seeks,” “intends,” “evaluates,” “pursues,” “anticipates,” “continues,” “designs,” “impacts,” “affects,” “forecasts,” “target,” “outlook,” “initiative,” “objective,” “designed,” “priorities,” “goal” or the negative of those words or other similar expressions may identify forward-looking statements that represent our current judgment about possible future events, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- the completion and timing of the separation, the business and operations of Cycleron following the separation and any benefits or costs of the separation, including the tax treatment;
- our post-separation relationships with Ironwood, third parties, collaborators and our employees;
- our ability to operate as a standalone company and execute our strategic priorities;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- the timing, investment and associated activities involved in developing, obtaining regulatory approval for, launching and commercializing our product candidates, including olinciguat, pralicyguat and IW-6463;
- our plans with respect to the development, manufacture or sale of our product candidates and the associated timing thereof, including the design and results of pre-clinical and clinical studies;
- the safety profile and related adverse events of our product candidates;
- the efficacy and perceived therapeutic benefits of our product candidates and the potential indications and market opportunities therefor;
- U.S. and foreign regulatory requirements for our product candidates, including any post-approval development and regulatory requirements, and the ability of our product candidates to meet such requirements;
- our ability to attract and retain key employees needed to execute our business plans and strategies and our expectations regarding our ability to manage the impact of any loss of key employees;
- our ability to obtain and maintain intellectual property protection for our product candidates and the strength thereof;

- our future financial performance, revenues, expense levels, payments, cash flows, profitability, tax obligations, capital raising and liquidity sources, real estate needs and concentration of voting control, as well as the timing and drivers thereof, and internal control over financial reporting;
- our ability to compete with other companies that are or may be developing or selling products that are competitive with our product candidates;
- the status of government regulation in the life sciences industry, particularly with respect to healthcare reform;
- potential indemnification liabilities Cycleron may owe to Ironwood after the separation;
- our expectations with respect to our office and laboratory space, including the terms of a direct lease with the Landlord or a possible sublease with Ironwood;
- the tax treatment of the distribution and the limitations imposed on Cycleron under the tax matters agreement that Cycleron will enter into with Ironwood; and
- trends and challenges in our potential markets.

See “Risk Factors” for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this information statement. If any of these risks materialize, or if any of the assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this information statement. For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this information statement. Any forward-looking statement made by us in this information statement speaks only as of the date thereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of our board of directors and will depend on various factors, including applicable laws, our results of operations, financial condition, future prospects and any other factors deemed relevant by our board of directors.

CAPITALIZATION

The following table sets forth Cyclerion’s capitalization as of December 31, 2018 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in Cyclerion’s unaudited pro forma combined financial information. The information below is not necessarily indicative of what Cyclerion’s capitalization would have been had the separation, distribution and related financing transactions been completed as of December 31, 2018. In addition, it is not indicative of Cyclerion’s future capitalization. This table should be read in conjunction with “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Summary Historical and Unaudited Pro Forma Combined Financial Information” and the audited and unaudited combined financial statements and corresponding notes included elsewhere in this information statement.

| (In thousands) | As of December 31, 2018 (unaudited) | |
|-----------------------------|---|-------------------|
| | Actual | Pro Forma |
| Cash and cash equivalents | \$ — | \$ 165,000 |
| Debt: | | |
| Long-term debt | \$ — | \$ — |
| Total debt | \$ — | \$ — |
| Equity: | | |
| Common stock | \$ — | \$ 27 |
| Net parent investment | \$ (10,445) | \$ — |
| Additional paid-in capital | \$ — | \$ 160,956 |
| Total Capitalization | \$ (10,445) | \$ 160,983 |

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial data of Cyclерion consists of an unaudited pro forma combined statement of income for the year ended December 31, 2018 and an unaudited pro forma combined balance sheet as of December 31, 2018 prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP. The unaudited pro forma combined financial data reported below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Summary Historical and Unaudited Pro Forma Combined Financial Information” and the audited and unaudited combined financial statements and corresponding notes included elsewhere in this information statement.

The following unaudited pro forma combined financial data is subject to assumptions and adjustments described in the accompanying notes. Cyclерion’s management believes these assumptions and adjustments are reasonable under the circumstances and given the information available at this time. However, these adjustments are subject to change as Ironwood and Cyclерion finalize the terms of the separation, including the separation agreement and related transaction agreements. The unaudited pro forma combined financial data does not purport to represent what Cyclерion’s financial position and results of operations actually would have been had the separation occurred on the dates indicated, or to project Cyclерion’s financial performance for any future period following the separation.

The unaudited pro forma combined financial data as of and for the year ended December 31, 2018 gives effect to the separation as if it had occurred on January 1, 2018. The unaudited pro forma combined financial data includes adjustments to reflect the following:

- the contribution by Ironwood to Cyclерion, pursuant to the separation agreement, of all the assets and liabilities that comprise Cyclерion’s business;
- the expected transfer to Cyclерion, upon completion of the separation of certain assets and liabilities that were not included in Cyclерion’s historical combined financial statements;
- the impact of the separation agreement, tax matters agreement, employee matters agreement, development agreement, intellectual property license agreement, transition services agreements and other commercial agreements between Cyclерion and Ironwood; and
- the expected receipt of \$165.0 million net proceeds from the anticipated issuance and sale of 11,755,624 shares of Cyclерion’s common stock in the private placement pursuant to the terms of the purchase agreement.

Cyclерion’s historical financial information, which was the basis for the unaudited pro forma combined financial statements, was prepared on a carve-out basis as Cyclерion was not operated as a separate, independent company for the periods presented. Accordingly, such historical financial information reflects an allocation for certain business and support functions that are provided on a centralized basis within Ironwood, such as expenses for research and development and corporate administrative services, including information technology, finance, legal, insurance, compliance and human resources activities. These historical allocations may not be indicative of Cyclерion’s future cost structure; however, the pro forma results have not been adjusted to reflect any potential changes associated with Cyclерion being an independent public company as such amounts are estimates that are not factually supportable.

Ironwood incurred approximately \$22.9 million of one-time separation costs in connection with the separation during 2018, including costs related to consulting, legal, auditing and information technology, of which \$8.0 million was allocated to Cyclерion. Cyclерion is expected to incur one-time transaction costs of approximately \$10.0 million related to the separation after it is completed.

Cyclerion Therapeutics, Inc.
Unaudited Pro Forma Combined Statement of Operations
Year Ended December 31, 2018
(in thousands)

| | Historical | Pro forma Adjustments | Notes | Adjusted |
|---|--------------|--------------------------|--------|--------------|
| Cost and expenses: | | | | |
| Research and development | \$ 87,716 | | [A, B] | \$ 87,716 |
| General and administrative | 27,536 | 309 | [A] | 27,845 |
| Total cost and expenses | 115,252 | | | 115,561 |
| Loss from operations | (115,252) | | | (115,561) |
| Net loss | \$ (115,252) | | | \$ (115,561) |
| Unaudited Pro Forma Earnings Per Share | | | | |
| Basic and Diluted | N/A | | [C,D] | \$ (4.23) |
| Average Number of Shares Used in Calculating | | | | |
| Basic and Diluted | N/A | | [C,D] | 27,304 |

See Notes to Unaudited Pro forma Combined Financial Data

Cyclerion Therapeutics, Inc.
Unaudited Pro Forma Combined Balance Sheet
As of December 31, 2018
(in thousands)

| | Historical | Pro forma Adjustments | Notes | Adjusted |
|--|-----------------|--------------------------|--------|-------------------|
| ASSETS | | | [A] | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ — | 165,000 | [E] | \$ 165,000 |
| Prepaid expenses | 867 | | | 867 |
| Other current assets | 12 | | | 12 |
| Total current assets | 879 | | | 165,879 |
| Property and equipment, net | 6,497 | 3,647 | [A] | 10,144 |
| Other assets | 25 | | | 25 |
| Total assets | <u>\$ 7,401</u> | | | <u>\$ 176,048</u> |
| Current liabilities: | | | [A, B] | |
| Accounts payable | \$ 2,781 | (2,781) | [A] | \$ — |
| Accrued research and development costs | 5,261 | | | 5,261 |
| Accrued expenses and other current liabilities | 9,804 | | | 9,804 |
| Total current liabilities | 17,846 | | | 15,065 |
| Equity: | | | | |
| Common Stock | N/A | 27 | [C, E] | 27 |
| Additional paid-in capital | N/A | 160,956 | [C, E] | 160,956 |
| Net parent investment | (10,445) | 10,445 | [A] | — |
| | <u>(10,445)</u> | | | <u>160,983</u> |
| Total liabilities and equity | <u>\$ 7,401</u> | | | <u>\$ 176,048</u> |

See Notes to Unaudited Pro forma Combined Financial Data

Cyclerion Therapeutics, Inc.
Notes to Unaudited Pro Forma Combined Financial Data

(A) Reflects the impact of assets, liabilities and related expenses that we expect to assume from Ironwood that were not included in our unaudited combined financial statements. We anticipate assuming approximately \$3.6 million of property, plant and equipment, net, primarily related to the assumption of a portion of Ironwood's former headquarters and anticipate accounts payable of \$2.8 million not transferring to us from Ironwood, which resulted in a net increase in net parent investment. Depreciation expense associated with the transferred property, plant and equipment, net was \$0.3 million for the year ended December 31, 2018. There may be additional assets, liabilities or related expenses transferred to us in the separation for which the transfer has not been finalized.

(B) Reflects the tax effects of the pro forma adjustments at the applicable effective income tax rate of zero for the year ended December 31, 2018. The effective tax rate of Cyclerion could be different (either higher or lower) depending on activities subsequent to the separation. The impact of pro forma adjustments on long-term deferred tax assets and liabilities were offset against existing long-term deferred tax assets and liabilities reflected in our historical combined balance sheet, all of which are offset by valuation allowance in full.

(C) The number of shares of Cyclerion common stock used to compute basic earnings per share is based on: (a) the number of shares of Cyclerion common stock assumed to be outstanding on the distribution date, after giving effect to the distribution, calculated based on 155,488,389 shares of Ironwood common stock outstanding on February 25, 2019, and a distribution ratio of one share of Cyclerion common stock for every 10 shares of Ironwood common stock, and (b) the anticipated issuance of 11,755,624 shares of Cyclerion common stock in the private placement, subject to a cap based on Cyclerion's outstanding common stock. The actual number of shares to be issued in the private placement will be determined by reference to the number of outstanding (a) shares of Cyclerion common stock, (b) Cyclerion restricted stock units and (c) options to purchase shares of Cyclerion common stock as of the closing of the private placement. This computation includes assumptions based on information available as of March 11, 2019 and is subject to potential adjustments relating to the trading price of Ironwood common stock during the 10 days prior to the distribution date and conditions on restricted stock units and options expected to be included in the employee matters agreement.

(D) The number of shares used to compute diluted earnings per share is based on the number of shares of common stock of Cyclerion as described in Note (C) above, plus incremental shares assuming exercise of dilutive options and restricted stock awards issued in connection with the separation. This calculation may not be indicative of the dilutive effect that will actually result from Cyclerion's share-based awards issued in connection with the adjustment of outstanding Ironwood share-based awards or the grant of new share-based awards. The number of dilutive shares of common stock underlying Cyclerion's share-based awards issued in connection with the adjustment of outstanding Ironwood share-based awards will not be determined until the distribution date or shortly thereafter.

(E) Amount reflects anticipated cash proceeds from the anticipated issuance and sale of shares of Cyclerion common stock in the private placement pursuant to the terms of the purchase agreement, after the payment of certain separation-related expenses. The shares issuable in the private placement are subject to a cap equal to 46% of the shares of Cyclerion common stock then outstanding (or a lower threshold determined by Ironwood and Cyclerion to be necessary to preserve the tax-free nature of the distribution), after giving effect to the issuance of shares in the private placement. In the event that the aggregate cash investment in the private placement would result in the issuance of shares of Cyclerion common stock in excess of this cap, each investor's cash investment in the private placement would be reduced, on a pro rata basis, by an amount needed to result in the issuance in the aggregate of no more than 46% of the shares of Cyclerion common stock then outstanding (or such lower threshold determined by Ironwood and Cyclerion to be necessary to preserve the tax-free nature of the distribution). See "Certain Relationships and Related Party Transactions—Private Placement." If such a reduction in the aggregate cash investment in the private placement were to occur, our cash and cash equivalents would be reduced by an equal amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with “Unaudited Pro Forma Combined Financial Statements,” “Summary Historical and Unaudited Pro Forma Combined Financial Information” and the audited and unaudited combined financial statements and corresponding notes included elsewhere in this information statement. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, including those set forth under “Risk Factors” appearing elsewhere in this information statement, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We are a clinical-stage biopharmaceutical company harnessing the power of sGC pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Our focus is enabling the full therapeutic potential of next-generation sGC stimulators. Our strategy rests on a solid scientific foundation that is enabled by our people and capabilities, external collaborations and a responsive capital allocation approach.

We operate in one reportable business segment—human therapeutics.

Separation from Ironwood Pharmaceuticals

In May 2018, Ironwood announced its plans to separate its sGC business from its commercial and gastrointestinal business through a pro rata distribution of Cyclerion common stock to stockholders of Ironwood. As a part of the separation, Ironwood intends to transfer the assets, liabilities and operations of its sGC stimulator and discovery research business to Cyclerion, pursuant to the terms of a separation agreement, to be entered into between Ironwood and Cyclerion. On the distribution date, each Ironwood stockholder will receive one share of Cyclerion's common stock for every 10 shares of Ironwood common stock held of record at the close of business on the record date for the distribution. Registered stockholders will receive cash in lieu of any fractional shares of Cyclerion's common stock that they would have received as a result of the application of the distribution ratio. Following the distribution, Cyclerion will operate as a separate, independent, publicly traded company. The distribution of Cyclerion common stock as described in this information statement is subject to the satisfaction or waiver by Ironwood of certain conditions. For a more detailed description of these conditions, see “The Separation and Distribution—Conditions to the Distribution.”

Cyclerion's historical combined financial statements have been prepared on a stand-alone basis and are derived from Ironwood's combined financial statements and accounting records and are presented in conformity with U.S. GAAP. Cyclerion's financial position, results of operations and cash flows historically operated, and will continue to operate, as part of Ironwood's financial position, results of operations and cash flows prior to and until the distribution of Cyclerion's common stock to Ironwood's stockholders. These historical combined financial statements may not be indicative of Cyclerion's future performance and do not necessarily reflect what Cyclerion's combined results of operations, financial condition and cash flows would have been had Cyclerion operated as a separate, publicly traded company during the periods presented. Cyclerion expects that changes will occur in its operating structure and its capitalization as a result of the separation from Ironwood. See “The Separation and Distribution” for additional detail.

Financial Overview

Research and Development Expense. Research and development expense consists of expenses incurred in connection with the discovery and development of our product candidates. These expenses

consist primarily of compensation, benefits and other employee-related expenses, research and development related facility costs, third-party contract costs relating to nonclinical study and clinical trial activities. All research and development expenses are charged to operations as incurred.

The core of our research and development strategy is to harness the power of sGC pharmacology to develop therapies for serious and orphan diseases.

Olinciguat is an orally administered, once-daily, vascular sGC stimulator that is well suited for the potential treatment of SCD. We are conducting a Phase 2 study, STRONG-SCD, that is expected to enroll approximately 88 patients. During the periods presented, costs associated with olinciguat include clinical studies regarding achalasia.

In June 2018, the U.S. FDA granted Orphan Drug Designation to olinciguat for the treatment of patients with SCD. Orphan Drug Designation provides marketing exclusivity for seven years from the date of the product's approval for marketing, and contributes to a significant reduction in development costs.

Praliciguat is an orally administered, once-daily systemic sGC stimulator that is well suited for the potential treatment of serious cardiometabolic diseases given its very extensive distribution into tissues, particularly adipose, kidney, heart and liver. Praliciguat is currently in a dose-ranging Phase 2 study in approximately 150 adult patients with DN. Additionally, we initiated a clinical program in HFpEF. We are conducting a Phase 2 proof-of-concept trial, CAPACITY-HFpEF, in approximately 184 patients.

In September 2018, the U.S. FDA granted Fast Track Designation for praliciguat for the treatment of patients with HFpEF. A drug granted Fast Track Designation is eligible for several benefits, such as more frequent meetings with and communications from the FDA.

IW-6463 is an orally administered CNS-penetrant sGC stimulator that, because it readily crosses the blood-brain barrier, affords an unprecedented opportunity to expand the utility of sGC pharmacology to serious neurodegenerative diseases. In January 2019, we initiated our first-in-human study of IW-6463.

Discovery Research. Our discovery efforts are primarily focused on identifying, designing and developing sGC stimulators in serious and orphan diseases. sGC stimulation is a powerful mechanism that can broadly regulate blood flow, inflammation, fibrosis and metabolism. In diseases that are localized to specific organs or tissues, we believe that our organ-targeting strategy will maximize the efficacy of sGC pharmacology in key organs while reducing the potential for dose-limiting hemodynamic effects sometimes observed with sGC stimulation. Our initial focus is on the liver and the lung due to the clear role of nitric oxide signaling in diseases with high unmet need that affect these organs.

The following table sets forth our research and development expenses related to our product pipeline, as well as employee and facility related costs allocated to research and development expense, for the years ended December 31, 2017 and 2018. These product pipeline expenses relate primarily to

external costs associated with nonclinical studies and clinical trial costs, which are presented by development candidates.

| | Year Ended December 31, | |
|---|----------------------------|------------------|
| | 2017 | 2018 |
| Development candidates: | | |
| Praliguat | \$ 18,807 | \$ 18,375 |
| Olinciguat | 5,254 | 6,901 |
| IW-6463 | 2,421 | 2,653 |
| Discovery research | 2,642 | 2,635 |
| Total development candidates | 29,124 | 30,564 |
| Personnel and related costs | 30,056 | 35,707 |
| Facilities and others | 19,623 | 21,445 |
| Total research and development expenses | <u>\$ 78,803</u> | <u>\$ 87,716</u> |

The lengthy process of securing regulatory approvals for new drugs requires the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining regulatory approvals would materially adversely affect our product development efforts and our business overall.

Given the inherent uncertainties that come with the development of pharmaceutical products, we cannot estimate with any degree of certainty how our programs will evolve, and therefore the amount of time or money that would be required to obtain regulatory approval to market them. As a result of these uncertainties surrounding the timing and outcome of any approvals, we are currently unable to estimate precisely when, if ever, our discovery and development candidates will be approved.

We invest carefully in our pipeline, and the commitment of funding for each subsequent stage of our development programs is dependent upon the receipt of clear, supportive data.

The successful development of our product candidates is highly uncertain and subject to a number of risks including, but not limited to:

- The duration of clinical trials may vary substantially according to the type and complexity of the product candidate and may take longer than expected.
- The FDA and comparable agencies in foreign countries impose substantial and varying requirements on the introduction of therapeutic pharmaceutical products, which typically require lengthy and detailed laboratory and clinical testing procedures, sampling activities and other costly and time-consuming procedures.
- Data obtained from nonclinical and clinical activities at any step in the testing process may be adverse and lead to discontinuation or redirection of development activity. Data obtained from these activities also are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval.
- The duration and cost of discovery, nonclinical studies and clinical trials may vary significantly over the life of a product candidate and are difficult to predict.
- The costs, timing and outcome of regulatory review of a product candidate may not be favorable, and, even if approved, a product may face post-approval development and regulatory requirements.
- The emergence of competing technologies and products and other adverse market developments may negatively impact us.

As a result of the factors discussed above, including the factors discussed under the “Risk Factors” section of this information statement, we are unable to determine the duration and costs to complete current or future nonclinical and clinical stages of our product candidates or when, or to what extent, we will generate revenues from the commercialization and sale of our product candidates. Development timelines, probability of success and development costs vary widely. We anticipate that we will make determinations as to which additional programs to pursue and how much funding to direct to each program on an ongoing basis in response to the data from the studies of each product candidate, the competitive landscape and ongoing assessments of such product candidate’s commercial potential.

General and Administrative Expense. General and administrative expense consists primarily of compensation, benefits and other employee-related expenses for personnel in our administrative, finance, legal, information technology, business development, communications and human resource functions. Other costs include the legal costs of pursuing patent protection of our intellectual property, general and administrative related facility costs, insurance costs and professional fees for accounting and legal services. We record all general and administrative expenses as incurred.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our combined financial statements prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the amounts of expenses during the reported periods. Significant estimates and assumptions in our combined financial statements include those related to allocations of expenses, assets and liabilities from Ironwood’s historical financials; impairment of long-lived assets; income taxes, including the valuation allowance for deferred tax assets; research and development expenses; contingencies and share-based compensation. We base our estimates on our historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from our estimates under different assumptions or conditions. Changes in estimates are reflected in reported results in the period in which they become known.

We believe that our application of the accounting policy noted below requires significant judgments and estimates on the part of management, and is the most critical to aid in fully understanding and evaluating our reported financial results. Our significant accounting policies are more fully described in Note 2, *Summary of Significant Accounting Policies*, to our combined financial statements appearing elsewhere in this information statement.

Research and Development Expense

All research and development expenses are expensed as incurred. We defer and capitalize nonrefundable advance payments we make for research and development activities until the related goods are received or the related services are performed. See Note 2, *Summary of Significant Accounting Policies*, of the combined financial statements appearing elsewhere in this information statement.

Results of Operations

Historically, our operations have been managed in the normal course of business as part of Ironwood. Accordingly, certain shared costs have been allocated to us and reflected as expenses in the stand-alone combined financial statements, as described in greater detail in the notes to the combined financial statements appearing elsewhere in this information statement. We considered the allocation methodologies used to be a reasonable and appropriate reflection of the historical Ironwood expenses

attributable to us for purposes of the stand-alone financial statements. The expenses reflected in the combined financial statements may not be indicative of expenses that will be incurred by us in the future. The following discussion summarizes the key factors we believed are necessary for an understanding of our combined financial statements.

Years ended December 31, 2016 compared to December 31, 2017

| | Year Ended December 31, | | | |
|----------------------------|-------------------------|-------------|-----------|-----|
| | 2016 | 2017 | Change | |
| | (in thousands) | | \$ | % |
| Cost and expenses: | | | | |
| Research and development | \$ 50,903 | \$ 78,803 | \$ 27,900 | 55% |
| General and administrative | 12,651 | 15,119 | 2,468 | 20% |
| Total cost and expenses | 63,554 | 93,922 | \$ 30,368 | 48% |
| Loss from operations | (63,554) | (93,922) | | |
| Net loss | \$ (63,554) | \$ (93,922) | | |

Research and Development Expense. The increase in research and development expense of approximately \$27.9 million for the year ended December 31, 2017 compared to the year ended December 31, 2016 was primarily related to an increase of approximately \$15.5 million in external research costs associated with clinical advancements for our product candidates, including costs associated with two Phase 2a studies of praliguat; an increase of approximately \$9.6 million in compensation, benefits and other employee-related expenses primarily associated with increased headcount; and an increase of approximately \$1.8 million in operating costs, including facilities, allocated to research and development.

General and Administrative Expense. General and administrative expenses increased approximately \$2.5 million for the year ended December 31, 2017 compared to the year ended December 31, 2016 primarily as a result of an increase in \$1.4 million in compensation, benefits and other employee-related expenses and an increase of approximately \$1.0 million in external consulting costs, recruiting costs and other professional service costs; offset by a decrease of approximately \$0.2 million in costs related to facilities and information technology infrastructure.

Years ended December 31, 2017 compared to December 31, 2018

| | Year Ended December 31, | | | |
|----------------------------|-------------------------|--------------|-----------|-----|
| | 2017 | 2018 | Change | |
| | (in thousands) | | \$ | % |
| Cost and expenses: | | | | |
| Research and development | \$ 78,803 | \$ 87,716 | \$ 8,913 | 11% |
| General and administrative | 15,119 | 27,536 | 12,417 | 82% |
| Total cost and expenses | 93,922 | 115,252 | \$ 21,330 | 23% |
| Loss from operations | (93,922) | (115,252) | | |
| Net loss | \$ (93,922) | \$ (115,252) | | |

Research and Development Expense. The increase in research and development expense of approximately \$8.9 million for the year ended December 31, 2018 compared to the year ended December 31, 2017 was primarily related to an increase of approximately \$3.5 million in compensation, benefits and other employee-related expenses; an increase of approximately \$2.6 million in operating

costs, including facilities, allocated to research and development, an increase of approximately \$2.0 million related to workforce reduction charges associated with the initial organizational designs for the continuing Ironwood business and Cycleron and an increase of approximately \$0.3 million in external research costs associated with clinical advancements for our product candidates, including costs associated with initiation of STRONG-SCD, a Phase 2 clinical trial for olinciguat.

General and Administrative Expense. General and administrative expenses increased approximately \$12.4 million for the year ended December 31, 2018 compared to the year ended December 31, 2017 primarily as a result of an increase of approximately \$6.7 million related to legal and consulting costs associated with the Company's separation from Ironwood, an increase of approximately \$4.0 million in compensation, benefits and other employee-related expenses, an increase of approximately \$1.0 million related to recruiting costs and other professional service costs, an increase of approximately \$0.3 million in costs related to workforce reduction allocated to general and administrative expenses, and an increase of approximately \$0.3 million in costs related to facilities and information technology infrastructure.

Liquidity and Capital Resources

Historically, the primary source of liquidity for our business was cash flow allocated to Cycleron from Ironwood. Prior to separation, transfers of cash to and from Ironwood have been reflected in Net Parent Investment in the historical combined balance sheets, statements of cash flows and statements of changes in Net Parent Investment. We have not reported cash or cash equivalents for the periods presented in the combined balance sheets. We expect Ironwood to continue to fund our cash needs through the date of the separation.

Upon completion of the separation and the closing of the private placement, we expect that our cash and cash equivalents will be approximately \$165.0 million, which is equal to the aggregate cash investment in the private placement, after the payment of certain separation-related expenses. The shares issuable in the private placement are subject to a cap equal to 46% of the shares of Cycleron common stock then outstanding (or a lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution), after giving effect to the issuance of shares in the private placement. In the event that the aggregate cash investment in the private placement would result in the issuance of shares of Cycleron common stock in excess of this cap, each investor's cash investment in the private placement would be reduced, on a pro rata basis, by an amount needed to result in the issuance in the aggregate of no more than 46% of the shares of Cycleron common stock then outstanding (or such lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution). See "Certain Relationships and Related Party Transactions—Private Placement." If such a reduction in the aggregate cash investment in the private placement were to occur, our cash and cash equivalents would be reduced by an equivalent amount. Subsequent to the separation, we will no longer participate in Ironwood's centralized cash management or benefit from direct funding from Ironwood. Our ability to fund our operations and capital needs will depend on our ongoing ability to generate cash from operations and access to capital markets and other sources of capital, as further described below. We anticipate that our principal uses of cash in the future will be primarily to fund our operations, working capital needs, capital expenditures and other general corporate purposes.

Going Concern

The financial statements have been prepared assuming that we will continue as a going concern. We have experienced negative cash flows from operations for all historical periods presented and expect these losses to continue into the foreseeable future as we begin to operate as a separate, publicly traded company and continue the development and clinical testing of our lead product candidates, olinciguat, praliciguat and IW-6463, as well as our discovery research programs for serious

and orphan liver and lung diseases. These conditions raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cash Flows from Operating Activities

Net cash used in operating activities totaled approximately \$97.5 million for the year ended December 31, 2018. The primary uses of cash were our net loss of \$115.3 million and changes in assets of approximately \$0.4 million resulting primarily from an increase in prepaid expenses and other current assets. These uses of cash were primarily offset by non-cash items of approximately \$13.9 million, including approximately \$12.4 million in share-based compensation expense and approximately \$1.5 million in depreciation and amortization expense of property and equipment, and changes in liabilities of approximately \$3.4 million resulting primarily from increases in accounts payable, accrued research and development costs, and accrued expenses and other current liabilities of approximately \$1.0 million, \$0.4 million and \$2.0 million, respectively.

Net cash used in operating activities totaled approximately \$81.2 million for the year ended December 31, 2017. The primary uses of cash were our net loss of \$93.9 million and changes in assets of approximately \$1.0 million resulting primarily from an increase in prepaid expenses. These uses of cash were primarily offset by non-cash expenses of approximately \$11.2 million, including approximately \$9.5 million in share-based compensation expense and approximately \$1.7 million in depreciation and amortization expense of property and equipment, and changes in liabilities of approximately \$2.5 million resulting primarily from increases in accounts payable and accrued research and development costs of approximately \$0.4 million and approximately \$2.7 million, respectively, offset by a decrease in accrued expenses and other current liabilities of approximately \$0.6 million.

Cash Flows from Investing Activities

Cash used in investing activities for the years ended December 31, 2018 and December 31, 2017 totaled approximately \$3.4 million and approximately \$1.4 million, respectively, resulting primarily from the purchase of property and equipment, primarily laboratory equipment.

Cash Flows from Financing Activities

As Ironwood manages our cash and financing arrangements, all excess cash generated through earnings is deemed remitted to Ironwood and all sources of cash are deemed funded by Ironwood.

Cash provided by financing activities for the year ended December 31, 2018 was approximately \$100.9 million, as compared to approximately \$82.6 million for the year ended December 31, 2017, primarily as a result of cash transferred to us from Ironwood based on changes in our cash used for operations.

Funding Requirements

We expect our expenses to increase in connection with our ongoing activities, particularly as we advance the preclinical activities and clinical trials of our product candidates. In addition, following the distribution, we expect to incur additional costs associated with operating as a public company. Our expenses will also increase as we:

- leverage our programs to continue advancing our product candidates into preclinical and clinical development;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- hire additional clinical, quality control and scientific personnel;

- expand our operational, financial and management systems and increase personnel, including personnel to support our clinical development and our operations as a public company; and
- maintain, expand and protect our intellectual property portfolio.

We believe that our initial cash capitalization, following the completion of the separation and the closing of the private placement will enable us to fund our operating expenses and capital expenditure requirements through the first quarter of 2021. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See “Certain Relationships and Related Party Transactions—Private Placement.”

Because of the numerous risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on, and could increase significantly as a result of, many factors, including:

- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical studies and clinical trials;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of future activities, including medical affairs, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- the cost and timing of hiring new employees to support our continued growth;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- the timing, receipt and amount of sales of, or milestone payments related to or royalties on, our current or future product candidates, if any.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Further, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as a common shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, debt financing would result in increased fixed payment obligations.

If we raise funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

If we are unable to raise additional funds when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Commitments and Obligations

Tax-related Obligations

We exclude assets or liabilities or obligations pertaining to uncertain tax positions from our summary of contractual commitments and obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of December 31, 2017 and 2018, we had no uncertain tax positions, as described more fully in Note 7, *Income Taxes*, of the combined financial statements appearing elsewhere in this information statement.

Other Funding Commitments

As of December 31, 2017 and 2018, we have several ongoing studies in various clinical trial stages. Our most significant clinical trial expenditures are to clinical research organizations, or CROs. The contracts with CROs generally are cancellable, with notice, at our option and do not have any significant cancellation penalties.

Transition from Ironwood and Costs to Operate as an Independent Company

The combined financial statements reflect our operating results and financial position as it was operated by Ironwood, rather than as an independent company. We will incur additional ongoing operating expenses to operate as an independent company. These costs will include the cost of various corporate headquarters functions, incremental information technology-related costs and incremental costs to operate stand-alone accounting, legal and other administrative functions. We will also incur non-recurring expenses and non-recurring capital expenditures.

As an independent company, our information technology operating costs may be higher than the costs allocated in the historical combined financial statements. In addition, we will incur non-recurring expenses and capital expenditures to establish independent information technology systems.

We are currently building our accounting and other administrative infrastructure. We expect to enter into a transition services agreement with Ironwood that will provide us with certain services and resources related to corporate functions for an initial term of between one to two years (as applicable). This transition services agreement will allow us to operate our business independently prior to establishing stand-alone infrastructure. During the transition from Ironwood, we will incur non-recurring expenses to expand its infrastructure.

It is not practicable to estimate the costs that would have been incurred in each of the periods presented in the historical financial statements for the functions described above. Actual costs that would have been incurred if we operated as a stand-alone company during these periods would have depended on various factors, including organizational design, outsourcing and other strategic decisions related to corporate functions, information technology and back office infrastructure.

Transactions with Related and Certain Other Parties

Prior to or concurrently with the distribution, we expect to enter into certain agreements with Ironwood resulting from and relating to the separation, including a separation agreement, two transition services agreements, a development agreement, a tax matters agreement, an intellectual property license agreement and an employee matters agreement. The terms of these agreements, including information on the business purpose of such agreements, transaction prices, related ongoing contractual commitments and any related special risks or contingencies are discussed in greater detail under "Certain Relationships and Related Party Transactions" appearing elsewhere in this information statement.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships. We enter into guarantees in the ordinary course of business related to the guarantee of our own performance.

New Accounting Pronouncements

For a discussion of new accounting pronouncements see Note 2, *Summary of Significant Accounting Policies*, of the combined financial statements appearing elsewhere in this information statement.

Overview

We are a clinical-stage biopharmaceutical company harnessing the power of sGC pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Our focus is enabling the full therapeutic potential of next-generation sGC stimulators. sGC stimulators are small molecules that act synergistically with nitric oxide on sGC to boost production of cGMP. cGMP is a key second messenger that, when produced by sGC, regulates diverse and critical biological functions throughout the body including blood flow and vascular dynamics, inflammatory and fibrotic processes, metabolism and neuronal function. We believe that the key to unlocking the full therapeutic potential of the nitric oxide-cGMP pathway is to design differentiated next-generation sGC stimulators that preferentially modulate pathway signaling in tissues of greatest relevance to the diseases they are developed to treat. This targeted approach is intended to maximize the potential benefits of nitric oxide-cGMP pathway stimulation in disease-relevant tissues. We are led by an accomplished team, many of whom have worked together previously at Ironwood, with an exceptional track record of discovering, developing and commercializing meaningful therapies for patients while creating value for stockholders. Our strategy rests on a solid scientific foundation that is enabled by our people and capabilities, external collaborations and a responsive capital allocation approach.

We have an extensive portfolio of five differentiated sGC stimulators with several pipeline catalysts expected in 2019. The following table summarizes our programs:

| Product* | Discovery | IND Enabling | Phase 1 | Phase 2 | Phase 3 | Status and Anticipated Next Milestones |
|--|-------------------------------|-------------------------------------|--|---------|---------|---|
| Vascular sGC Stimulator  Olinciguat | Sickle Cell Disease (SCD) | | | | | <ul style="list-style-type: none"> - Top line data expected in 2H2019 - Granted Orphan Drug Designation by US FDA - Worldwide rights |
| Systemic sGC Stimulator  Praliguat | Diabetic Nephropathy (DN) | | Heart Failure with Preserved Ejection Fraction (HFpEF) | | | <ul style="list-style-type: none"> - DN: Top line data expected in 2H2019 - HFpEF: Top line data expected in 2H2019 - Pursue out-licensing after completion of Phase 2 studies - Granted Fast Track Designation for HFpEF by US FDA - Worldwide rights |
| Central Nervous System sGC Stimulator  IW-6463 | Serious + Orphan CNS Diseases | | | | | <ul style="list-style-type: none"> - Initiated Phase I study 1Q2019 - Top line data expected in 2H2019 - Worldwide rights |
| Liver-Targeted sGC Stimulator  Liver | | Serious + Orphan Liver Diseases | | | | <ul style="list-style-type: none"> - Development candidate nomination expected in 1H2019 |
| Lung-Targeted sGC Stimulator  Lung | | Serious + Orphan Pulmonary Diseases | | | | <ul style="list-style-type: none"> - Development candidate nomination expected in 1H2019 |

Status of selected key development programs as of March 11, 2019. Represents current phase of development, does not correspond to the completion of a particular phase.

Strategic Core

Harnessing the Power of sGC Pharmacology to Develop + Commercialize Therapies for Serious + Orphan Diseases

5 distinct programs with several pipeline catalysts in 2019

- Olinciguat**
Oral, once-daily vascular sGC stimulator for sickle cell disease
- Praliguat**
Oral, once-daily systemic sGC stimulator for cardiometabolic diseases
- IW - 6463**
Oral, CNS-penetrant sGC stimulator for serious neurodegenerative diseases
- Liver**
Targeted, oral sGC stimulator for serious liver diseases
- Lung**
Targeted, pulmonary-delivered sGC stimulator for serious lung diseases



We leverage the therapeutic potential of nitric oxide signaling by modulating the nitric oxide-cGMP pathway via pharmacologically tailored sGC stimulation. Nitric oxide signaling plays a central role in regulating diverse aspects of human physiology throughout the body, including vascular smooth muscle tone and blood flow, as well as processes that influence inflammation, fibrosis, metabolism and neuronal function. Deficient nitric oxide signaling is linked to a wide range of cardiovascular, metabolic, inflammatory, fibrotic and neurological diseases. Stimulation of sGC is clinically validated by ADEMPAS®, an sGC stimulator marketed by Bayer, that represents an important first step in demonstrating the therapeutic potential of this mechanism. In order to realize the significant potential of sGC stimulation to enable the development of important new medicines, we are focused on developing next generation sGC stimulators.

We design sGC stimulators with distinct pharmacologic and biodistribution properties that preferentially enhance nitric oxide-cGMP signaling in target tissues of greatest relevance to the diseases they are developed to treat. The resulting sGC stimulators are highly differentiated from each other, as well as from other sGC modulators and molecules that target this pathway via other mechanisms. This approach to the therapeutic application of nitric oxide-cGMP pharmacology is intended to allow us to harness the powerful multidimensional pharmacology of sGC stimulation for clinical application in serious and orphan diseases.

We have discovered and are advancing a pipeline of five differentiated sGC stimulator programs whose properties are tailored for distinct serious and orphan diseases with significant unmet clinical need.

- ***Olinciguat is an orally administered, once-daily, vascular sGC stimulator*** that we believe is well suited for the treatment of SCD, given its distribution to the vasculature and highly perfused organs, such as the kidney and lungs, which are frequently affected by this disease. SCD is a genetic disease that causes red blood cells to “sickle,” or become misshapen, and to more easily rupture, ultimately resulting in severe complications including chronic vascular inflammation, painful VOCs, poor blood flow to organs, pulmonary hypertension and renal failure. Patients with SCD have a shortened life expectancy, with an average of 42 years for males and 48 years for females in the United States. SCD affects approximately 100,000 people in the United States and approximately 50,000 in the EU5, or France, Germany, Italy, Spain and the United Kingdom. The global incidence of SCD is estimated to affect approximately 300,000 children born annually. By amplifying nitric oxide signaling, we believe that olinciguat has the potential to reduce the proportion of sickled cells, decrease vascular inflammation and cell adhesion, and improve nitric oxide-mediated vasodilation. For patients with SCD, we believe this may translate into reduction in debilitating daily symptoms such as chronic pain and fatigue, decrease in anemia, reduction in painful VOCs and end-organ protection (especially for the kidney, heart and lung) potentially leading to an increase in survival. Olinciguat has been granted Orphan Drug Designation for SCD by the FDA, and is currently in a Phase 2 study, STRONG-SCD, that is expected to enroll approximately 88 patients. Following the completion of our ongoing Phase 2 study, should data warrant, we intend to advance olinciguat into late-stage development for SCD and, if approved, commercialize on our own in the United States and alone or through licensing arrangements with partners around the world. We expect results from this study in the second half of 2019.
- ***Praliciguat is an orally administered, once-daily systemic sGC stimulator*** that we believe is well suited for the treatment of serious cardiometabolic diseases given its very extensive distribution into tissues, particularly adipose, kidney, heart and liver. We believe this distribution profile is essential to realize the potential of sGC pathway pharmacology to treat cardiometabolic diseases that are characterized by adipose inflammation, metabolic dysfunction and associated multi-organ etiology and involvement. We are assessing the potential of praliciguat to treat two such diseases: DN and HFpEF.

There are over 400 million adults with diabetes globally at a prevalence rate of 8.5%. Up to 40% of all patients with diabetes have DN. In patients with diabetes, nephropathy is a major risk factor for cardiovascular disease, the major driver of excess cardiovascular mortality, and the single strongest predictor of mortality. DN is progressive, and patients that survive to end-stage renal disease, or ESRD, require chronic dialysis treatment or kidney transplant. We believe praliciguat may help treat DN by enhancing renal endothelial function and blood flow regulation and attenuating renal inflammation and fibrosis. Praliciguat is currently in a dose-ranging Phase 2 study that is expected to enroll approximately 150 adult patients with DN. We expect results from this study in the second half of 2019.

Heart failure remains a rising global epidemic with an estimated prevalence of approximately 38 million individuals globally. HFpEF comprises 44% to 72% of new heart failure diagnoses and accounts for approximately half of the heart failure hospitalizations, with frequent readmissions. Five-year mortality rates for patients with HFpEF have been reported to range from 55% to 74%. We believe praliciguat, by enhancing impaired nitric oxide signaling in the heart and systemic circulation, has the potential to improve coronary blood flow, increase oxygen delivery to and utilization by skeletal muscle, and over the longer term, reduce cardiac stiffness and microvascular inflammation to both improve symptoms and potentially slow or halt disease

progression. Praliciguat was granted Fast Track Designation for the treatment of HFpEF by the United States FDA and is in a Phase 2 proof-of-concept trial, CAPACITY-HFpEF, that is expected to enroll approximately 184 patients. We expect results from this study in the second half of 2019.

Following completion of ongoing Phase 2 studies, should data warrant, we intend to pursue out-licensing of praliciguat for late-stage development and commercialization in DN, HFpEF and potentially additional cardiovascular/metabolic indications.

- ***IW-6463 is an orally administered CNS-penetrant sGC stimulator*** that, because it readily crosses the blood-brain barrier, affords an unprecedented opportunity to expand the utility of sGC pharmacology to serious neurodegenerative diseases. Clinical and nonclinical research suggests that nitric oxide signaling plays a critical role in the CNS in memory formation and retention, control of cerebral blood flow and modulation of neuroinflammation. Nitric oxide is a potent neurotransmitter, and impaired nitric oxide-sGC-cGMP signaling is believed to play an important role in the pathogenesis of several neurodegenerative diseases. In preclinical models, IW-6463 has been associated with an increase in cerebral blood flow, improved neuronal health and function, reduced markers of neuroinflammation and enhanced cognition. CNS pharmacological activity of IW-6463 has been observed preclinically using multiple non-invasive techniques that can also be employed in early human clinical studies. Our first-in-human study of IW-6463 initiated in January of 2019 with results expected in the second half of 2019.
- ***Our liver-targeted sGC stimulator*** will be orally administered and designed to selectively partition to the liver. By achieving liver concentrations many fold higher than corresponding plasma concentrations, we intend to maximize hepatic pharmacology. In animal models of liver fibrosis treated with systemic sGC stimulators, we have observed reductions in liver fibrosis, inflammation and steatosis, pathophysiological processes that underlie multiple chronic liver diseases. We expect to nominate a development candidate in the first half of 2019 and progress to filing an IND/CTA thereafter.
- ***Our lung-targeted sGC stimulator*** will be administered via inhalation and will be aimed at realizing the full potential of sGC stimulation in pulmonary diseases by selectively increasing exposure in the lung. Preclinically, our lead molecule is highly retained in the lung with greater than 50-fold selectivity for lung over plasma. In addition, in preclinical studies, the lead molecule is metabolically stable in the lung, whereas it is unstable in the plasma with rapid systemic clearance. We expect to nominate a development candidate in the first half of 2019 and progress to filing an IND/CTA thereafter.

We have a comprehensive intellectual property strategy to protect our platform and related proprietary technology that covers composition of matter, method of use, formulations and process development. The molecules and technologies underlying our sGC patents and pending patent applications were discovered and developed by our internal team of scientific experts.

Strategic Core

Harnessing the Power of sGC Pharmacology to Develop + Commercialize
Therapies for Serious and Orphan Diseases



People and capabilities

We are leaders in targeted sGC stimulator chemistry and nitric oxide-cGMP pathway pharmacology. Our founding team has deep knowledge and significant experience in cGMP pathway research and development, from the discovery and development of LINZESS[®], an Ironwood product that leverages the pharmacology of the guanylate cyclase-C-cGMP pathway, to the development of the sGC stimulator chemistry libraries and systems pharmacology data that gave rise to the current portfolio of assets and will serve as the foundation for our future innovation. This knowledge and experience, centered on a single scientific mechanism with rich pharmacology, underpins our unique ability to identify opportunities and design sGC stimulators tailored for specific serious diseases.

We have an exceptional team with a proven track record at all levels within our organization. We have broad expertise throughout our organization in discovering, developing and commercializing category-leading products, and are led by a management team with a history of success delivering innovative therapies to patients while creating value for stockholders. Our R&D leadership has been

involved in the development and submission of over 100 IND/CTA applications and 20 NDAs/Marketing Authorization Applications for approval of products based on novel chemical entities. They have more than 200 years of combined experience at pharmaceutical and biotechnology companies and have all worked together previously at Ironwood.

Our Chief Executive Officer, Peter Hecht, Ph.D., served as Ironwood's Chief Executive Officer and a director since co-founding the company in 1998. During that time, he built a highly respected leadership team and culture that worked together to discover, develop and commercialize LINZESS[®], a novel first-in-mechanism therapeutic that quickly became the branded prescription market leader in its class and has been taken by millions of patients for irritable bowel syndrome with constipation and chronic idiopathic constipation. Additionally, during his tenure the team pioneered new areas of science, produced a development portfolio with multiple innovative drug candidates, and established a valuable network of global partnerships. Through a combination of private and public equity, structured debt, and partnerships, Dr. Hecht and his team raised over one billion dollars to fund these efforts. **Our President, Mark Currie, Ph.D.**, has made critical scientific contributions over the last 40 years that have greatly advanced understanding of the pharmacology of nitric oxide, guanylate cyclases and cGMP signaling. Dr. Currie has led the characterization and discovery of three hormones that regulate cGMP, atrial natriuretic peptide, guanylin and uroguanylin. These discoveries played a role in the creation of novel treatments for a broad range of diseases including congestive heart failure, acute and chronic pain conditions associated with arthritis, and, more recently, a novel approach to treat patients with painful gastrointestinal conditions. Dr. Currie is the primary inventor of LINZESS[®]. Prior to joining our team, Dr. Currie led R&D at Ironwood where, in addition to developing LINZESS[®], his team created the sGC platform that enabled the creation of Cyclicerion. Prior to Ironwood, Dr. Currie led the discovery group at Sepracor and discovery pharmacology at Monsanto/Searle, which produced several important medicines, including LUNESTA[®] and CELEBREX[®]. **Our Head of Global Development, Christopher Wright, MD, Ph.D.**, has two decades of medical research and drug development experience in orphan and specialty diseases, including cystic fibrosis, hepatitis C, rheumatoid arthritis, epilepsy and dementia. While at Vertex, Dr. Wright oversaw the development of ORKAMBI[®] through Phase 3, and the successful development and rapid approval of KALYDECO[®], a life-changing cystic fibrosis therapy, by the FDA, EMA and other health authorities. He also played an important role in the global development and approval of INCIVEK[®] for hepatitis C. Prior to joining our team, Dr. Wright led the global development organization at Ironwood, including responsibility for advancing the late-stage and life-cycle gastrointestinal programs as well as the five sGC programs that underlie Cyclicerion's strategic core. Dr. Wright is also a practicing neurologist at Brigham and Women's Hospital in Boston, MA. **Our Chief Financial Officer, William Huyett**, has extensive experience in pharmaceutical and medical device corporate strategy, capital allocation, finance, product development and commercialization and corporate leadership gained during his 30-year career at McKinsey and Company, Inc. He joins us from Ironwood, where he served as Chief Operating Officer, and led the efforts to separate our portfolio of sGC stimulator programs into Cyclicerion.

External collaboration

We leverage a diverse cross-disciplinary network of external advisors and experts to advance our drug candidates. We do this in three ways. First, we actively engage leading experts to access additional technologies and expertise to advance our programs. This includes collaborations on preclinical models as well as accessing key technologies that can be used in preclinical or clinical studies. We are seasoned collaborators with a history of practical and productive short-term partnerships as well as profitable long-term alliances. Second, we establish disease-area advisory boards of physicians, patients and payors to provide insights into the unmet medical need and to support the design of clinical trials. Finally, we use a pharmaceutical advisory board made up of veteran drug hunters with broad industry experience and a track record of innovation to help us refine our R&D strategy.

We will apply a “best-owner” approach to our compounds whereby we develop and commercialize product candidates independently or through a partner depending on which path we believe will offer the greatest risk-adjusted value for our shareholders and accelerate global patient access to our drugs. We intend to prioritize development and commercialization in diseases characterized by structurally attractive markets where we can successfully commercialize on our own. We define structurally attractive markets as those managed by a narrow prescriber base with clear unmet patient need, payor willingness to pay and the potential for first-in-class entry. Olinciguat in SCD meets our definition of a structurally attractive market and therefore, we plan to retain the rights to develop and commercialize on our own in the United States and in select global markets. In contrast, due to the broad prescriber base associated with cardiometabolic indications, we intend to pursue out-licensing of the global rights of praliguat after completion of our ongoing Phase 2 trials to a company with therapeutic-area leadership who can effectively and efficiently execute late-stage development and commercialization. At this time, we do not have any partnerships for any of our product candidates and we intend to apply this “best owner approach” as we make decisions regarding potential partnerships.

Capital allocation and economics

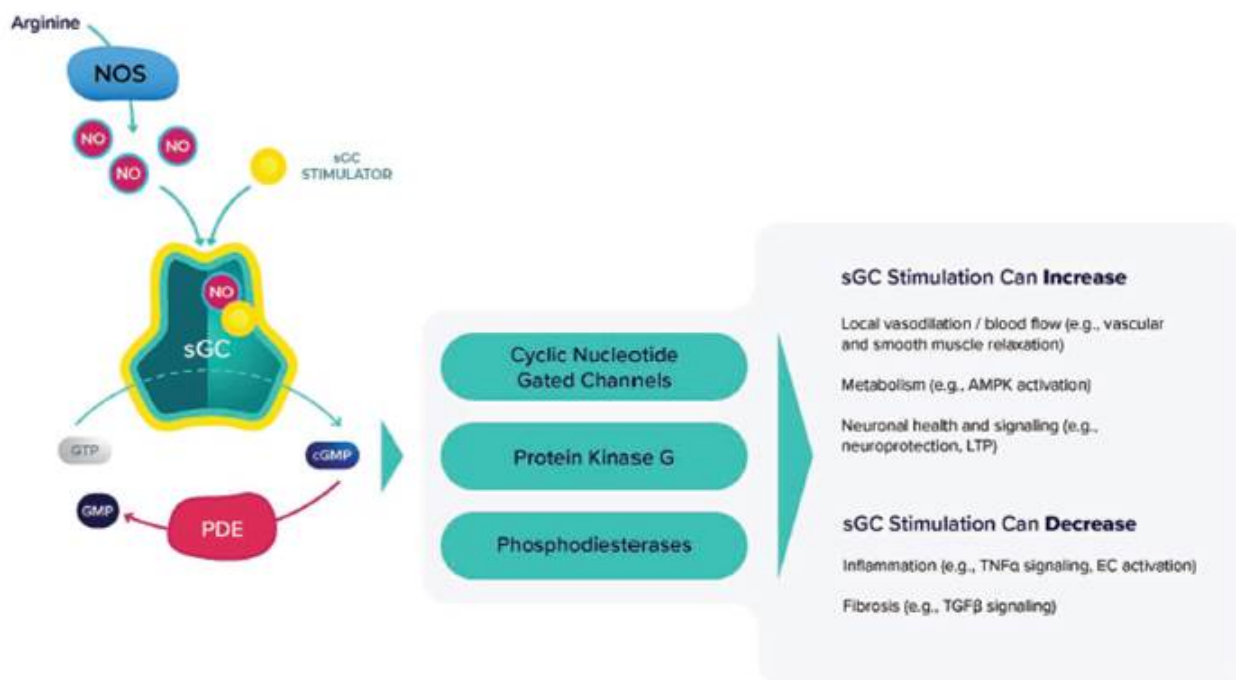
The capital allocation decision making and financial management we use in our business will enable us to continually deploy capital and people to the most promising opportunities. Highlights of our capital allocation and financial management strategy include:

- **Decisive capital allocation:** We plan to establish a high threshold for therapeutic differentiation and compelling business case in each program. We expect to fund clinical trials that are designed to enable decisions to advance or halt the program.
- **Elastic, externalized cost structure:** Our experienced team will seek to use outside supplier/partners wherever possible, in order to benefit from any economies-of-scale and skill sets that such suppliers and partners provide while minimizing our fixed costs.
- **Mission-appropriate infrastructure:** Our infrastructure is designed to meet the needs of a multi-program development company intent on prosecuting and developing the sGC mechanism, generating and protecting key IP, compliance and attracting and retaining talent to further advance our five lead sGC stimulator programs and discover additional disease-targeted sGC stimulators.
- **Development program-based management structure:** Our program leaders are accountable for performance against goals for each program based on clinical and scientific, cost and timeline performance metrics.

Our Opportunity—sGC Stimulation

Nitric oxide is a short-lived signaling molecule that is produced locally under exquisite physiological control throughout the body. Nitric oxide signaling plays a central biological role in real-time regulation of diverse systems, the discovery of which was recognized as the basis for the 1998 Nobel Prize in Physiology or Medicine. Nitric oxide signaling is mediated through its receptor, sGC, an intracellular protein in tissues throughout the body, including in the vasculature, kidney, brain, lung, intestines, heart, liver, adipose, spleen and skeletal muscle. As locally produced nitric oxide diffuses into adjacent target cells, it binds to sGC, increasing production of the secondary signaling molecule cGMP. cGMP acts through multiple downstream targets to elicit functional effects. The figure below aggregates the most well-characterized effects of nitric oxide-sGC-cGMP signaling across multiple cell types and tissues. The specificity of nitric oxide signaling in health (*i.e.*, not all of the pathways are activated in all tissues at all times) is accomplished by both local production of nitric oxide and control of the expression and activity of pathway components in distinct cell types. Our approach to capitalize on the breadth of this pathway’s potential is to design small molecule sGC stimulators that, by their

unique properties, preferentially increase nitric oxide signaling in the tissues most relevant to the diseases they are intended to treat to elicit some or all of the functional effects listed in the figure below.



AMPK=adenosine monophosphate-activated protein kinase;

cGMP=cyclic guanosine monophosphate;

CNGs=cyclic nucleotide-gated channels;

GC=guanylate cyclase;

GTP=guanosine triphosphate;

EC=endothelial cell;

LTP=long-term potentiation;

NO=nitric oxide;

NOS=nitric oxide synthase;

PDE=phosphodiesterase;

PKG=protein kinase G;

sGC=soluble guanylate cyclase;

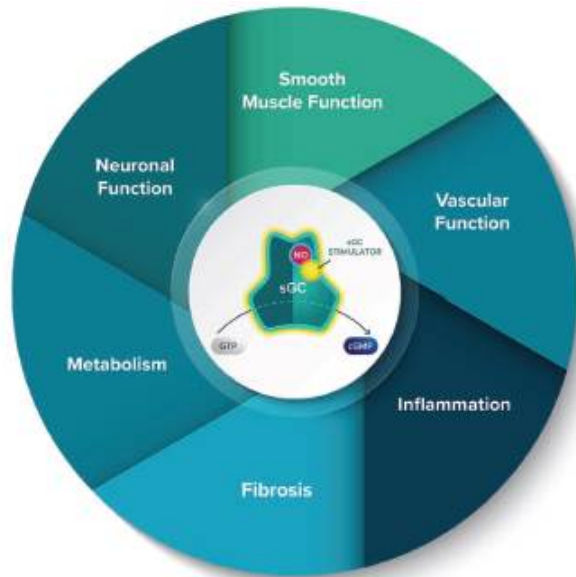
TGF=transforming growth factor;

TNF=tumor necrosis factor

The effects of nitric oxide signaling on vascular smooth muscle tone and blood flow are well characterized and long known. The therapeutic utility of this pathway was first established in the late 1800s with the use of the nitric oxide-generating compound, nitroglycerin, to relieve angina. More recently, agents that act at different steps of this pathway to increase cGMP levels have been developed as therapies for erectile dysfunction (*e.g.*, the phosphodiesterase type 5, or PDE5, inhibitors, VIAGRA[®] and CIALIS[®]) and for two types of pulmonary hypertension, PAH and CTEPH (*e.g.*, the PDE5 inhibitors REVATIO[®] and ADCIRCA[®] and the sGC stimulator ADEMPAS[®]).

In addition to controlling blood flow, nitric oxide signaling independently regulates processes that influence fibrosis, inflammation and neuronal function. Our team recently extended known nitric oxide signaling pharmacology with the demonstration of clinical effects on metabolism, including fasting plasma glucose, cholesterol and triglycerides, in type 2 diabetic patients with hypertension (refer to

figure “In a Phase 2a study, patients with type 2 diabetes and hypertension on standard of care treatment regimen who received praliciguat for two weeks had improvements in multiple metabolic parameters”).

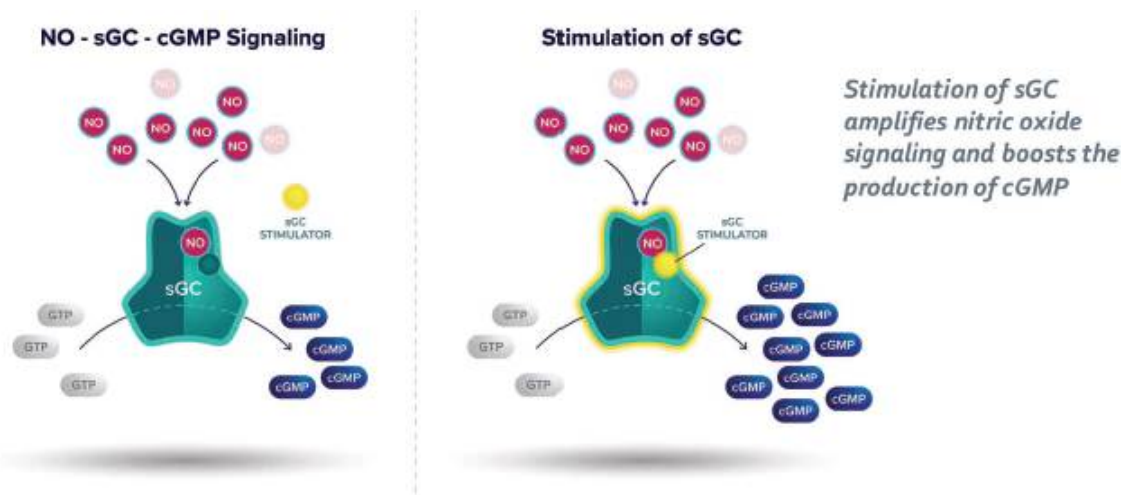


Our pharmacologically tailored sGC stimulators are designed to amplify nitric oxide signaling in disease-relevant organs to elicit the desired functional effects

A wide range of cardiovascular, metabolic, inflammatory, fibrotic and neurological diseases are associated with deficient nitric oxide signaling. When the bioavailability of endogenous nitric oxide is reduced in disease states, normal physiological function is disrupted and signaling pathways are imbalanced, leading to vasoconstriction, inflammation and fibrosis. We believe restoring this signaling pathway represents a potential therapeutic target for powerful pharmacological intervention in many serious diseases. In addition, as described further below, we believe that our approach to enhancing signaling through the nitric oxide-cGMP pathway will also be relevant in diseases in which signaling may not be compromised but for which the resultant pharmacology of enhanced signaling could bring therapeutic benefit.

We believe that the growing understanding of the nitric oxide-cGMP signaling pathway’s role in diverse aspects of health and disease creates the potential for a new generation of important therapeutics for serious and orphan diseases that we believe remains largely untapped. Further, we believe that, of the clinically validated means to modulate nitric oxide-cGMP pathway signaling (nitric oxide-generating compounds, PDE5 inhibitors and sGC stimulators), sGC stimulation represents the optimal mechanism by which to realize the full therapeutic potential of this pathway. Direct nitric oxide-generating compounds, such as nitroglycerin and nitrates, have limitations including tolerance (attenuation of effect over time), which has not been observed for sGC stimulators. PDE5 inhibitors rely on basal signaling (flux) through the pathway to have effects, which limits the pharmacological effect they can have. In contrast, sGC stimulators are agonists of sGC that work synergistically with

nitric oxide to amplify signaling through the pathway, providing opportunity to expand the pharmacology to any tissue in which nitric oxide signaling is occurring.



Adapted from Tobin, Zimmer et al.2018. J. Pharmacol. Exp. Therapeut., 365 (3). 664-675

Stimulation of sGC is clinically validated by ADEMPAS[®], an oral, three times-daily administered sGC stimulator marketed by Bayer, that is approved for the treatment of PAH and CTEPH, both progressive life-threatening diseases that are linked to deficiencies in the nitric oxide signaling pathway. ADEMPAS[®] represents an important first step in demonstrating the therapeutic potential of this mechanism.

In order to realize the significant potential of sGC stimulation to enable the development of important new medicines, we are focused on developing next generation sGC stimulators. Our sGC stimulators act as *directed* agonists, meaning they are designed to boost signaling within the context of the endogenous nitric oxide pathway in a localized, tailored manner.

Importantly, the potential utility of sGC stimulation is not restricted to diseases associated with a loss of nitric oxide signaling. Because sGC stimulators act as agonists, like β -agonists and steroids, they do not require an underlying defect in the pathway to have a pharmacological effect. They are able to enhance the activity of a fully functional nitric oxide signaling pathway to generate pharmacological effects. Preclinical studies suggest that enhanced nitric oxide pathway signaling may provide therapeutic benefit in diseases associated with inflammation, fibrosis or metabolic dysregulation, regardless of whether there is a direct role for the nitric oxide pathway dysfunction in the pathogenesis of the disease.

We believe the breadth of potential applications for sGC stimulators is generally analogous to many aspects of the history of corticosteroids. While sGC stimulators have not been studied as extensively as corticosteroids, we believe the development history for this broad class of agonist drugs is instructive regarding the potential for sGC stimulators, which also act as agonists, to one day have broad application across diseases targeting multiple different tissues and systems. The targets for both sGC stimulators and corticosteroids are found in tissues throughout the body where they regulate fundamental signaling pathways with wide-ranging downstream effects. In this context, first-generation broadly distributed compounds with powerful pharmacology are suited for systemic disorders whereas organ-targeted compounds can enable greater activation in target tissues while minimizing systemic effects. This affords the opportunity to develop not only multiple systemic products but also a wide range of specific tissue-targeted products. In the 1950s, first-generation systemic corticosteroids were developed following the discovery of the hormone cortisol. Powerful systemic corticosteroids such as

prednisone are still used extensively today in the treatment of serious systemic conditions, including lupus, lymphomas and Crohn's disease; however, the expansion of systemic corticosteroids as a class was limited by effects associated with untargeted delivery. The opportunities associated with developing a mechanism for selective delivery of an agonist are illustrated by the proliferation of whole new categories of second-generation corticosteroids that target specific organs. For example, topical cortisone for dermal inflammation, inhaled corticosteroids, such as FLONASE[®], for asthma and allergies, and rectally administered budesonide, such as UCERIS[®] for ulcerative colitis, have all had commercial success.

As was done to harness the powerful pharmacology of corticosteroids, we believe the key to unlocking the full potential of sGC pharmacology is to develop stimulators that can selectively target this pathway in the tissues of greatest relevance to, and with the optimal pharmacokinetic and pharmacodynamic profile for, the diseases of interest. Olinciguat, our vascular sGC stimulator, is distributed to both the vasculature and key organs such as kidney and lungs, which we believe makes olinciguat well suited for the potential treatment of SCD. Pralinciguat, our systemic sGC stimulator, is distinct in its very extensive tissue distribution, including to adipose, which we believe may be particularly relevant to the treatment of cardiometabolic diseases such as DN and HFpEF. In addition, we believe we are the first to discover and develop tissue-targeted sGC stimulators, including IW-6463, a compound that can access the brain for potential to address serious neurodegenerative diseases as well as compounds that can preferentially target the liver or the lung for potential treatment of serious and orphan diseases that primarily affect these organs.

Our Product Candidates

Olinciguat for Sickle Cell Disease

Olinciguat is an orally administered, once-daily, vascular sGC stimulator designed for the treatment of SCD. Because SCD is a hemoglobinopathy with blood vessel and multi-organ involvement, we believe olinciguat's distribution to both the vasculature as well as to highly perfused organs such as the kidney and lungs, makes it particularly well suited for the potential treatment of SCD. We believe olinciguat's long plasma half-life, which results in low fluctuations from one daily dose to the next (*i.e.*, low peak-to-trough ratio), will allow for steady, efficacious concentrations to be maintained below levels that might produce side effects. We have observed very low renal clearance of olinciguat in humans, which we believe is a beneficial attribute for this patient population, as patients with SCD often have compromised renal function. Olinciguat treatment was associated with a decrease in the progression of hemolytic anemia in a mouse model of SCD, higher mRNA expression of the γ -globin subunit of fetal hemoglobin in cultured cells and lower levels of vascular inflammatory markers and improved vascular function in mouse models of inflammation. Following the completion of our Phase 1 studies with olinciguat that demonstrated a well-tolerated dose range, dose-proportional pharmacokinetics and target engagement, we initiated a Phase 2 clinical study in patients with SCD. Olinciguat is designed to reduce the proportion of sickled cells, decrease vascular inflammation and cell adhesion, and improve nitric oxide-mediated vasodilation. For patients with SCD, we believe this may translate into a reduction in debilitating daily symptoms such as chronic pain and fatigue, decrease in anemia, reduction in painful events called VOCs, and end-organ protection (especially for kidney, heart and lung), potentially leading to an increase in survival. Olinciguat was granted orphan drug designation for SCD by the FDA in June 2018.

Disease Background

SCD encompasses a group of genetic blood disorders affecting hemoglobin, a protein in red blood cells that carries oxygen from the lungs to the body's tissues and returns carbon dioxide from the tissues back to the lungs. SCD varies substantially in presentation and clinical course. An inherited mutation results in substitution of the amino acid valine for glutamic acid in the sixth position of the beta globin chain causing formation of HbS, an atypical form of hemoglobin that can cause red blood cells to change shape, or sickle. There are several genotypes of SCD found globally with the following being most prevalent:

- HbSS: Patients inherit two sickle cell genes ("S"); one from each parent. This is often referred as "sickle cell anemia" and is usually the most severe form of SCD;
- HbSC: Patients inherit a sickle cell gene ("S") from one parent and an abnormal hemoglobin gene called "C" from the other parent. This is usually a milder form of the disease; and
- HbS/Beta thalassemia: Patients inherit a sickle cell gene from one parent, and a gene for β thalassemia, another form of anemia, from the other parent. There are two types of beta thalassemia: "0" and "+". β thal⁰ is often a more severe form while β thal⁺ is a milder form.

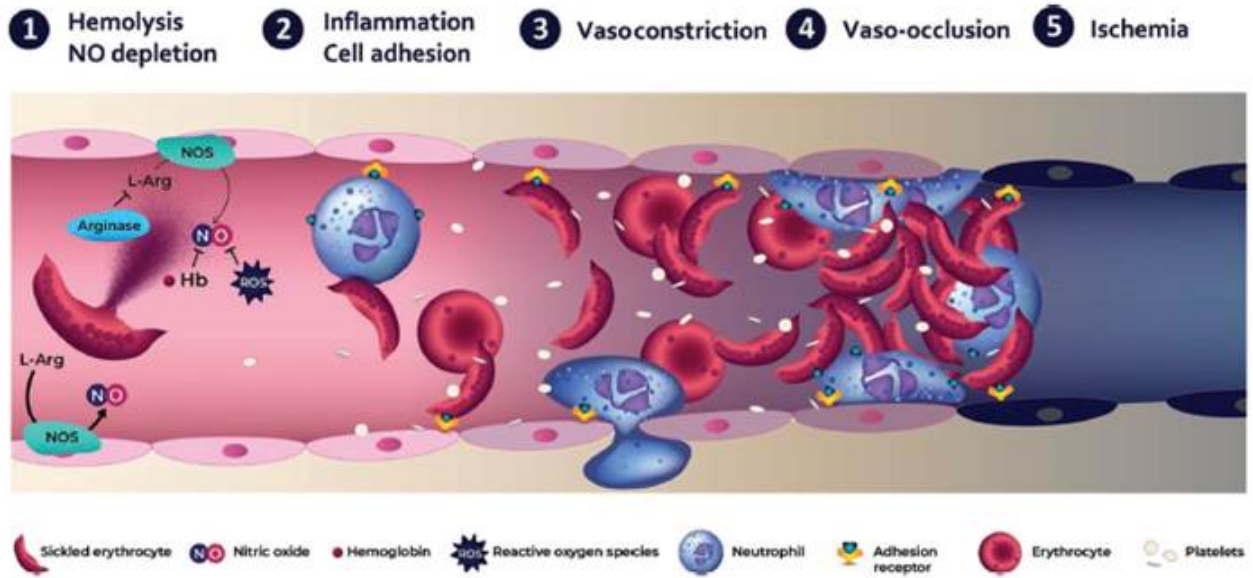
SCD causes lifelong symptoms and complications that generally begin within eight to ten weeks of birth. Painful VOCs are the most reported and recognized complication. Additionally, SCD patients experience many daily symptoms, including chronic pain, fatigue and shortness of breath. Although VOC is the most reported and recognized symptom, SCD affects the entire body. Recurrent episodes of vaso-occlusion and inflammation result in progressive damage to organs, including the brain, kidneys, lungs, bones and cardiovascular system. For example, accumulating damage from both silent cerebral infarcts and overt strokes leads to cognitive impairment, increased pulmonary fibrosis and pulmonary hypertension stress cardiac function and progressive glomerular fibrosis and associated decrease in glomerular filtration rate often lead to renal failure. In fact, nearly one-third of people with SCD will develop chronic kidney disease and some of these patients will develop ESRD. The one-year death rate following an ESRD diagnosis was almost three times higher in people with ESRD due to SCD when compared with those with ESRD from other causes. These cumulative effects lead to a shortened life expectancy with an average of 42 years for males and 48 years for females in the United States.

Current SCD treatment primarily focuses on the management of acute and chronic complications with therapies including antibiotics, anti-inflammatory drugs and blood transfusions. Although chronic transfusions correct anemia and can temporarily resolve painful complication, transfusion carries the risk of iron overload, and therefore, iron chelation therapy becomes a part of a patient's treatment plan in an effort to avoid liver damage. Treatment options that address chronic symptoms and/or underlying pathophysiology are limited. Hematopoietic stem cell transplantation, or HSCT, is the only curative treatment; however, only 10-20% of SCD patients qualify for transplantation. Because of the associated morbidity and mortality and the difficulty in finding a matched donor, HSCT is generally limited to the most severe patients or children with matched siblings. HSCT also does not improve the underlying organ damage that has occurred prior to transplant. Until recently, only one drug, hydroxyurea, was approved by the FDA to reduce the frequency of painful crises and to reduce the need for blood transfusions. Despite recommendations for use in all patients with SCD, few patients are able to continue treatment with hydroxyurea uninterrupted, largely due to its side effects and potential for long-term toxicity. According to the hydroxyurea label, its adverse event profile includes neutropenia and suppression of reticulocytes and platelets, necessitating a temporary cessation in treatment in almost all patients. In 2017, ENDARI™, a pharmaceutical grade oral powder version of the amino acid glutamine, was approved to reduce the acute complications of SCD. According to the ENDARI label, patients treated with placebo for 48 weeks had a median of four pain crises compared with three for

the patients treated with ENDARI. Additionally, many patients are on pain management programs that include chronic opioid therapy; paradoxically however, patients on chronic opioids often experience greater levels of clinical pain as well as depression, fatigue and proportion of days in crisis. In addition, chronic opioid therapy is associated with greater healthcare utilization on both crisis and non-crisis days.

Nitric Oxide Connection

The combined effects of vasoconstriction, inflammation and cellular aggregation and adhesion to the endothelium, the cells that line the interior surface of the vasculature, are believed to contribute to many complications and symptoms of SCD, including VOCs and chronic pain. Over time, these combined effects result in accumulated vascular and tissue damage that can lead to organ failure and shortened life expectancy. Nitric oxide deficiency plays an important role in the pathophysiology that underlies the accumulated damage. HbS, when deoxygenated, polymerizes into rigid chains that deform red blood cells into the characteristic sickle shape. In addition to causing reduced blood flow to organs and tissue, sickled red blood cells are more susceptible to hemolysis, and have an average lifespan of approximately 20 days compared with 120 days for normal red blood cells. As depicted in the figure below, upon hemolysis, hemoglobin and the arginine-metabolizing enzyme arginase are released into the plasma. Cell-free hemoglobin binds with high affinity to nitric oxide in the plasma thereby reducing nitric oxide bioavailability. In addition, arginase degrades arginine, the key substrate for nitric oxide synthesis, which then limits the generation of nitric oxide. Low nitric oxide bioavailability results in reduced cGMP production, which is in turn associated with the vascular inflammation, cell adhesion, vasoconstriction, vaso-occlusion, and ischemia that are responsible for the symptoms and complications of SCD.

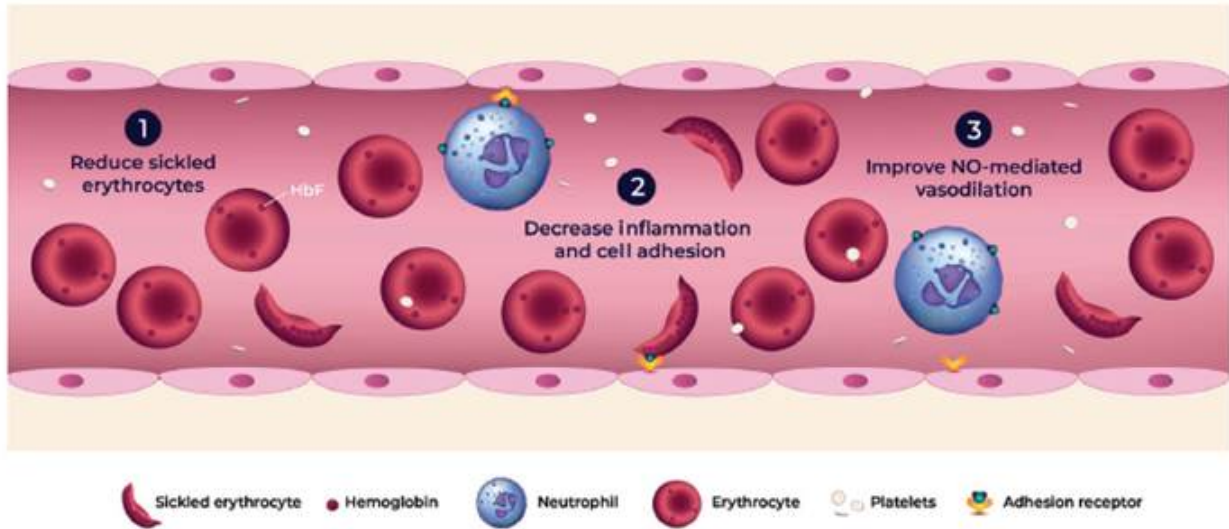


Our Solution

Once-daily olinciguat is designed to address the nitric oxide deficiency that underlies the pathophysiology in SCD by amplifying nitric oxide signaling, which we believe will increase production of HbF, which can inhibit polymerization of HbS and thereby reduce the proportion of sickled red blood cells, decrease vascular inflammation and cell adhesion, and improve nitric oxide-mediated vasodilation, as depicted in the figure below. By these mechanisms, we believe olinciguat may improve the daily symptoms of SCD, including chronic pain and fatigue, as well as decrease anemia, reduce the

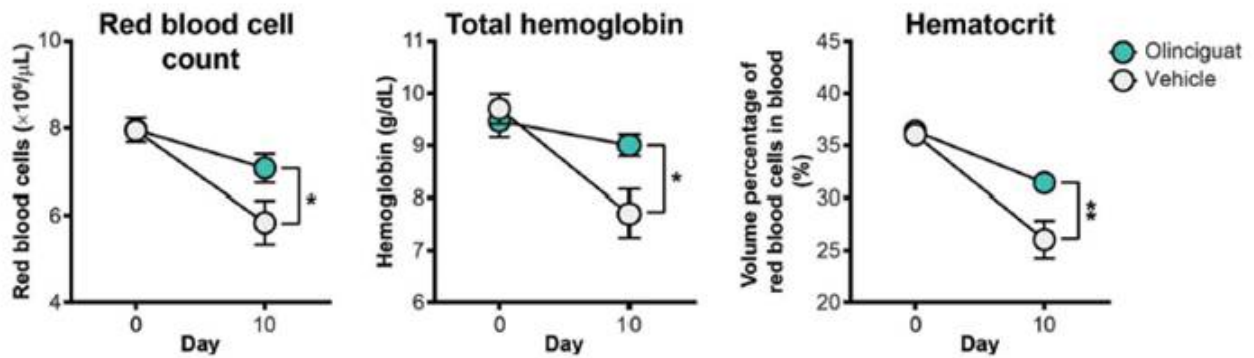
frequency of painful crises and ultimately prolong life by preserving organ function. sGC stimulation by olinciguat expands on the focus of other pharmacological approaches to SCD that are limited by narrow or less powerful mechanisms and therefore may have limited therapeutic benefits. We believe our multidimensional pharmacological approach to the treatment of SCD has the potential to address the multifactorial pathology of this disease.

We believe that olinciguat, by amplifying nitric oxide signaling, has the potential to reduce VOC and chronic symptoms via at least 3 mechanisms



In a preclinical model of SCD, olinciguat treatment was associated with positive effects on key aspects of SCD pathology. The Townes mouse is a knockout-transgenic model of SCD that, like patients with SCD, develops severe hemolytic anemia and organ damage. Male, 9-week-old Townes mice (five mice) treated for 10 days with olinciguat had significantly higher red blood cell counts, total hemoglobin levels and hematocrit (the volume percentage of red blood cells in blood) compared with vehicle-treated controls (five mice), as illustrated in the figure below. In this transgenic mouse model of SCD, olinciguat-treated mice showed a decrease in the progression of hemolytic anemia.

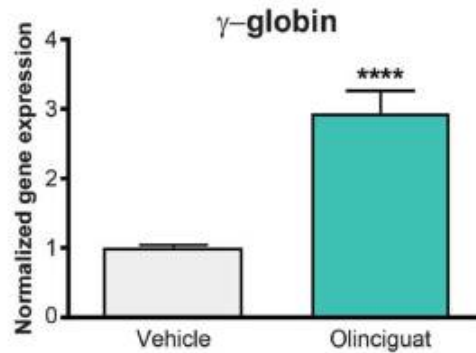
In Townes mouse model of SCD, progression of hemolytic anemia was ameliorated in olinciguat-treated animals



* $p < 0.05$; ** $p < 0.01$ Olinciguat vs Vehicle at Day 10

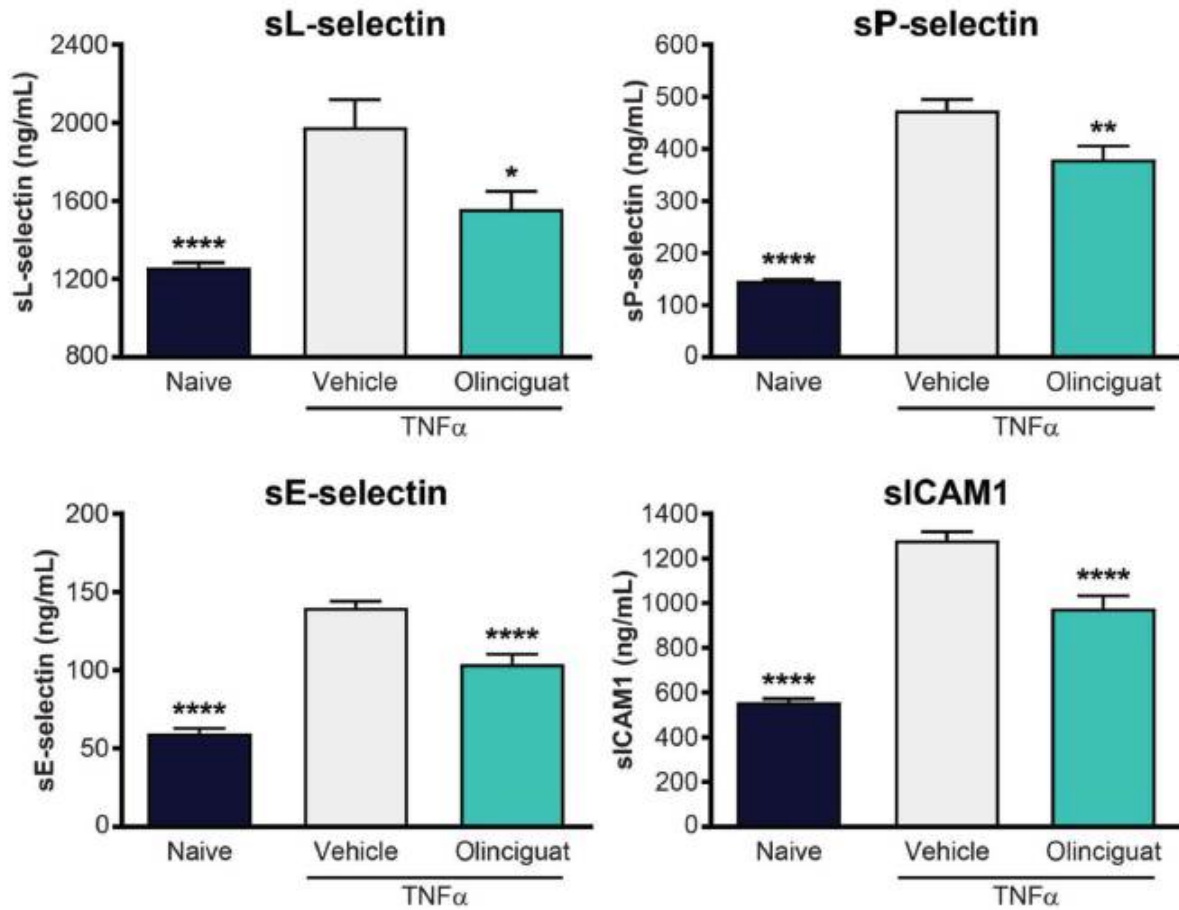
Induction of HbF has been identified as a mechanism of hydroxyurea in the treatment of SCD and is therefore a clinically validated approach to preventing red blood cell sickling. Because cGMP-mediated signaling is implicated in the regulation of the gene encoding the γ -globin subunit of HbF, we believe modulation of nitric oxide signaling has the potential to reduce red blood cell sickling, the underlying pathology of SCD. We evaluated the effects of olinciguat treatment on γ -globin mRNA levels in the K562 erythroleukemic cell line. As illustrated below, in cells treated with olinciguat for seven days, the normalized γ -globin mRNA expression was almost three-fold greater than that of vehicle-treated control cells. In patients with SCD, higher HbF levels are associated with reduced rates of VOC, decreased frequency of acute chest syndrome and attenuation of other complications of SCD.

Olinciguat-treated K562 cells, when compared with vehicle-treated cells, had greater normalized mRNA expression of the γ -globin subunit of fetal hemoglobin



**** p<0.0001; vs Vehicle

Chronic vascular inflammation in SCD is characterized by the activation of vascular endothelial cells and leukocytes and by the induction of expression of surface adhesion receptors on these cells as well as on platelets. These effects lead to recruitment of sickled red blood cells, leukocytes and platelets to the vascular wall and formation of cell aggregates, which can occlude microcirculation and lead to painful VOCs and other serious complications. Reducing vascular inflammation via blockade of specific adhesion receptors is a validated approach to reduce painful crises in patients with SCD, as demonstrated by a study of the investigational drug crizanlizumab. The effect of olinciguat on the expression of soluble surface adhesion receptors was studied in a mouse model of inflammation in which leukocyte activation is induced by treatment with the pro-inflammatory cytokine TNF α . As shown below, mice (10 mice) pretreated with oral olinciguat one hour before administration of tumor necrosis factor alpha (TNF α) had lower mean plasma levels of the soluble adhesion molecules sL-selectin, sP-selectin, sE-selectin and sICAM-1 than vehicle-treated controls (10 mice), demonstrating attenuation of leukocyte and endothelial cell activation.



* p<0.05; *** p<0.01; **** p<0.0001 vs TNF α -Vehicle

As a physiological consequence of vascular inflammation and endothelial activation, leukocyte rolling along the vascular wall slows. The speed of leukocyte rolling can be measured *in vivo* in the vasculature of mice via intravital microscopy. We measured the effect of olinciguat on leukocyte rolling velocity in the venous microcirculation of TNF α -challenged mice. Olinciguat was evaluated both alone and in combination with hydroxyurea, the standard of care in SCD. Treatment of mice with TNF α increased expression of endothelial selectins that form adhesive contacts with leukocytes and slowed leukocyte rolling. Mice pretreated with either olinciguat (three mice) or hydroxyurea (three mice) had significantly faster leukocyte rolling velocities, $10.31 \pm 1.14 \mu\text{m/s}$ ($p < 0.001$) and $15.47 \pm 1.68 \mu\text{m/s}$ ($p < 0.05$), respectively, compared with TNF α controls (three mice), $5.55 \pm 0.66 \mu\text{m/s}$. The effect was even greater when olinciguat and hydroxyurea were given in combination; leukocyte rolling velocity of combination treatment, $19.66 \pm 1.85 \mu\text{m/s}$ was significantly greater than TNF α controls ($p < 0.001$) and approached the velocity of the naïve controls (three mice), $26.59 \pm 3.13 \mu\text{m/s}$. These data demonstrate the functional significance of decreasing vascular inflammation via attenuation of the upregulation of vascular adhesion molecules.

We are conducting a Phase 2 study in patients with SCD, the STRONG-SCD study. STRONG-SCD is a randomized, placebo-controlled study in patients evaluating the safety, tolerability, pharmacokinetics and pharmacodynamics of three dose levels of olinciguat compared with placebo when administered once daily for 12 weeks. This study is ongoing and enrolling approximately 88 patients aged 16 to 70 years with HbSS, HbSC, HbS β (0)-thalassemia, or HbS β +thalassemia and who have experienced one to 10 painful crises in the past year. Patients remain on a stable regimen of their current medication(s) for SCD. Exploratory objectives include evaluation of the effect of olinciguat on painful crisis events, biomarkers of disease activity (e.g., HbF levels, anemia, inflammatory markers) as well as effects on health-related patient-reported outcomes, or PRO, including chronic pain and fatigue. While not explicitly powered for efficacy, we expect to use the data from this trial to evaluate the potential for clinical advancement and, if data warrant, advance the program to a registration trial. We are assessing not only parameters that may allow a direct read on registration endpoints, such as symptoms and pain events, but also parameters that reflect the multidimensional pharmacology we expect to observe based on our preclinical studies. We believe that the full spectrum of data from STRONG-SCD, therefore, will enable us to evaluate potential future clinical development and provide the data to support broad differentiation from other SCD treatments.

The FDA recognizes the importance of patient-focused drug development and has specifically noted that SCD is a disease with significant unmet need, particularly with regard to daily symptoms, such as pain and fatigue. In STRONG-SCD, daily symptoms are being assessed using our Sickle Cell Disease Symptom Assessment Form, or SCD-SAF, a proprietary PRO instrument designed based on patient-centric qualitative research to reflect the most important and relevant symptoms that impact SCD patients. We began developing this PRO instrument before initiating the ongoing Phase 2 trial to enable its use in a registration trial as the assessment underpinning a potential registration endpoint. The SCD-SAF is being developed in accordance with the FDA *Guidance for Industry Patient-Reported Outcome Measures: Use in Medical Product Development to Support Labeling Claims* (2009) and good measurement practices. The SCD-SAF is developed from the patient's perspective to measure concepts that are understandable to patients with SCD and include clear instructions and a short recall period. It measures symptom intensity employing well-defined response options that are sufficiently sensitive to detect change. We believe the SCD-SAF will be a fit-for-purpose assessment of treatment benefit in our context of use. In line with our patient-centric approach, we have also established a patient advisory committee to counsel us on our clinical development program to ensure that we are assessing efficacy in a manner that truly meets the needs of patients suffering from SCD. This advisory committee has enhanced our understanding of the daily symptom burden that SCD has on patients and emphasized that relief from those symptoms is important for patients.

Completed Phase 1 Clinical Studies

Phase 1 single-ascending and multiple-ascending dose studies in healthy subjects identified a well-tolerated dose range of once-daily olinciguat, confirmed target engagement and established proof of pharmacology. In these studies of healthy subjects, oral, once-daily olinciguat was well tolerated with no serious adverse events or discontinuations due to adverse events. The most commonly reported adverse events overall in these studies were headache and tachycardia. In the single-ascending-dose study, ICP-1701-101 in 24 subjects, seven of the 18 olinciguat-treated subjects reported headache, three reported tachycardia/sinus tachycardia, three reported nausea and three reported vomiting; all of these events were mild or moderate. No other events were reported in more than two olinciguat-treated subjects. In the multiple-ascending-dose study, ICP-1701-102 in 55 subjects, all five cohorts (8 olinciguat/3 placebo per cohort) were dosed at a single dose level for seven days, and two of the five cohorts up-titrated to a higher dose for seven more days of dosing. During the first seven days of dosing, seven of the 40 olinciguat-treated subjects reported headache, seven reported tachycardia, three

reported hypotension and three reported nausea. In the second seven days of dosing, two of the 16 olinciguat-treated subjects reported headache. All of these events were mild or moderate. No other events were reported in more than two olinciguat-treated subjects. There were no trends of concern in laboratory, electrocardiograph or platelet function parameters in either study. Olinciguat was dose proportional at steady state with a half-life of approximately 30 hours and a low peak-to-trough ratio (<2), a profile that is supportive of once-a-day dosing regimen. Olinciguat demonstrated a moderate volume of distribution (49.4-58.9 L), which is consistent with exposure both in the vasculature and organs, and very low renal clearance ($\leq 0.3\%$ of total body clearance) suggesting a low likelihood for dose adjustment in renally impaired patients. Increases in plasma cGMP provided evidence of sGC target engagement, and reduction in blood pressure demonstrated proof of pharmacology.

Market Opportunity

SCD is the most common hemoglobinopathy disorder worldwide. According to the Centers for Disease Control and Prevention, SCD affects approximately 100,000 people in the United States. It is estimated that the prevalence of SCD in the EU5 is 50,000. SCD is a standard part of mandatory newborn screening in the United States, which reveals an incident population of about one in every 365 African-American births and one in every 16,300 Hispanic-American births in the United States. In addition, SCD is estimated to affect approximately 300,000 children born annually worldwide.

SCD is the most prevalent genetic disease in France and the UK, and its frequency is steadily rising in many other countries in Northern, Central and Southern Europe. SCD is particularly common in people whose ancestors come from Sub-Saharan Africa, South America, Cuba, Central America, Saudi Arabia, India and Mediterranean countries such as Greece, Turkey and Italy.

The cost of managing patients with SCD is substantial. The financial burden is largely driven by inpatient admissions; it was shown that the average SCD patient is admitted to the hospital seven times per year with an average length of stay per visit of seven days. Further, a study by Brousseau, et al found that the 30-day rehospitalization rate was 33.4% and nearly 40% of hospital discharges resulted in a 30-day return for acute care, such as a visit to the emergency department. A 2009 study conducted by the Cardeza Foundation at Thomas Jefferson University estimated the average annual cost of managing a patient with HbSS, one of the three major genotypes of SCD, was greater than \$230,000, not adjusting for inflation. Given the average lifespan of a patient with SCD is approximately 50 years, we estimate that cumulative costs over a single SCD patient's life may reach \$9 million.

Praliguat for Cardiometabolic Diseases

Praliguat is an orally administered, once-daily systemic sGC stimulator designed for the treatment of serious cardiometabolic diseases such as DN and HFpEF. In a preclinical study, oral praliguat demonstrated extensive distribution to adipose, kidney, heart and liver, which we believe is fundamental to its potential to be a breakthrough therapy for cardiometabolic diseases characterized by adipose inflammation and metabolic dysfunction and associated multi-organ etiology and involvement. In addition, in a clinical study, praliguat showed negligible renal clearance making it well suited to the treatment of patients with cardiometabolic diseases who commonly have compromised renal function. In a Phase 2a study in patients with type 2 diabetes and hypertension (C1973-202, described below), praliguat-treated patients had greater decreases in blood pressure and glucose and lipid levels compared with placebo-treated patients. These metabolic improvements are particularly notable because all patients in this exploratory study were receiving standard of care therapy for glycemic and blood pressure control, and most were also receiving statins to reduce lipids. Following these positive metabolic results, we initiated our ongoing Phase 2 studies in DN and HFpEF with praliguat. In addition to establishing proof-of-concept in these serious diseases with high unmet need, we expect to further characterize the metabolic effects of praliguat in our Phase 2 studies. In September 2018, the FDA designated the investigation of praliguat for HFpEF as a Fast Track development program.

Disease Background

DN is a common, serious microvascular complication of type 1 and type 2 diabetes mellitus and is characterized by pathological urinary albumin excretion, glomerular lesions, hypertension and progressive loss of renal function. Diagnosis of DN is based on increased albuminuria and/or reduced estimated glomerular filtration rate in patients with diabetes. In patients with diabetes, nephropathy is a major risk factor for cardiovascular disease, the major driver of excess cardiovascular mortality and the single strongest predictor of mortality. DN is progressive, and patients that survive to ESRD require chronic dialysis treatment or kidney transplant.

Current first-line therapy for DN includes glycemic and blood pressure control and treatment with renin-angiotensin-aldosterone system, or RAAS, inhibitors: either an angiotensin-converting enzyme inhibitor or angiotensin receptor blocker. These treatments may slow the disease, but do not prevent progression to ESRD. In fact, the prevalence of DN has not declined despite increased use of RAAS inhibitors and glucose-lowering medications. Thus, there remains significant unmet medical need for patients with DN.

Nitric Oxide Connection

We believe nitric oxide deficiency plays an important role in the pathogenesis of DN. In the healthy kidney, nitric oxide-sGC-cGMP signaling promotes the relaxation of vascular smooth muscle cells, blocks endothelial cell activation and cytokine-induced injury and inhibits excessive vascular proliferation, fibrosis and inflammation. In patients with diabetes, however, nitric oxide signaling can be impaired due to reduced concentrations of endogenous nitric oxide. Multiple mechanisms contribute to endothelial dysfunction and the reduction in nitric oxide levels in diabetics, including the generation of advanced glycation end-products, increased uric acid levels, increased oxidative stress and increased levels of asymmetric dimethylarginine, or ADMA, which inhibits synthesis of nitric oxide. The resultant decrease in nitric oxide signal may in turn promote the progression of DN. The association between deficient nitric oxide and the development and progression of DN is also established genetically. Multiple genetic polymorphisms in the gene encoding endothelial nitric oxide synthase, or eNOS, a key nitric oxide-producing enzyme in the vasculature, are associated with both DN and reduced enzyme activity or plasma concentrations of nitric oxide.

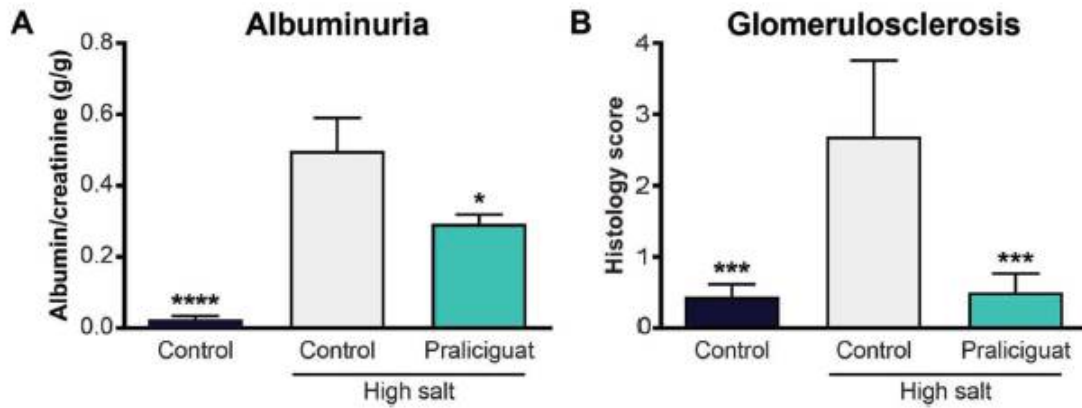
Our Solution

Praliguat is an oral sGC stimulator that has demonstrated extensive distribution to tissues, including both kidney and adipose, which we believe makes it uniquely suited to treat DN. By acting synergistically with nitric oxide to amplify signaling, we believe praliguat may compensate for deficits in nitric oxide signaling and ameliorate the pathophysiology of DN. In this way, we believe praliguat has the potential to improve renal endothelial function, restore appropriate renal blood flow regulation and attenuate or prevent renal inflammation and fibrosis. Based on data from a Phase 2a study (C1973-202, described below) in 26 patients with type 2 diabetes and hypertension, we believe praliguat may also have positive metabolic effects, including improving insulin sensitivity and LDL cholesterol and triglyceride levels in patients with cardiometabolic disease.

Beneficial effects on renal function were observed in multiple animal models treated with praliguat, including the ZSF1 and Dahl salt-sensitive rat models. In the obese ZSF1 rat model of DN, plasma, urine and tissue samples were collected at the end of the 11-week study. Obese ZSF1 rats treated with praliguat (nine rats) had lower liver weight, lower urine volume and proteinuria and lower fasting plasma glucose and cholesterol compared with control animals (eight rats). Moreover, beneficial renal effects were seen at dose levels that had non-significant effects on blood pressure in this study, suggesting the renal-protective effects are independent of systemic hemodynamic effects.

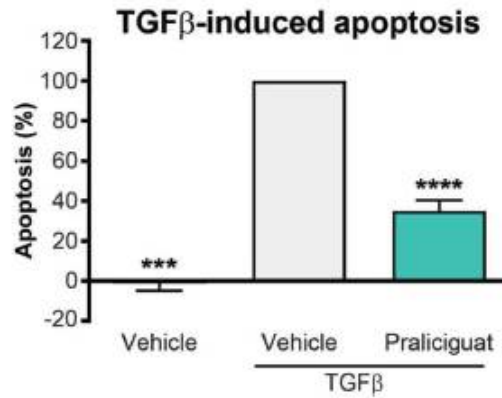
In the Dahl salt-sensitive rat model of hypertension, renal-protective effects were observed in praliguat-treated animals. Control and treated animals were fed a high-salt diet for eight weeks; after two weeks, praliguat was added to the high-salt diet of the treated group for the remaining six weeks. Control rats (eight rats) developed kidney damage as evidenced by albuminuria and histological changes. As illustrated below, praliguat-treated rats (eight rats) had significantly lower levels of urinary albumin than controls (Figure A) suggesting that praliguat treatment may have blunted the high salt-mediated increase in urinary albumin. Furthermore, histological evaluation of animals treated with praliguat revealed lower levels of glomerulosclerosis (Figure B) compared with controls. In addition, praliguat-treated animals had lower level of interstitial fibrosis, interstitial inflammation and vascular alterations compared with controls. Renal-protective effects were observed at a praliguat dose that produced minimal effects on systemic blood pressure.

In a preclinical model of hypertension, renal-protective effects were observed in praliguat-treated animals



* p<0.05; *** p<0.001; **** p<0.0001 vs. High-salt Control

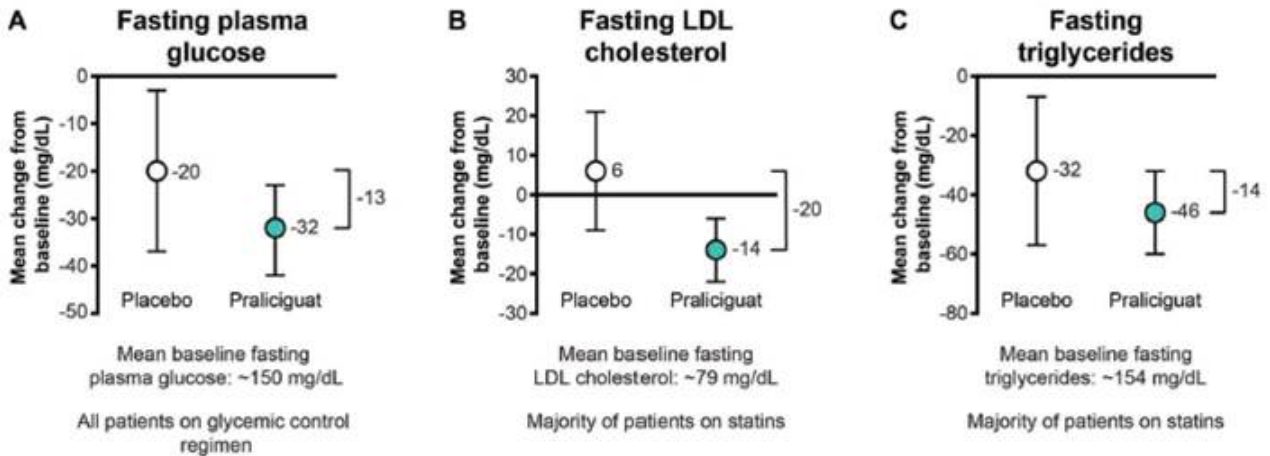
Praliguat was evaluated in isolated primary human renal proximal tubule epithelial cells (hRPTC) in vitro to mechanistically separate direct effects from effects that may be attributable to changes in local blood flow and hemodynamics. Praliguat-treated hRPTC cells were inhibited from changing into elongated fibroblast-like cells induced by the profibrotic cytokine, TGF β . As shown in the figure below, praliguat-treated hRPTC cells also had lower levels of cell death, or apoptosis, induced by treatment with the fibrotic mediator, TGF β , as compared with vehicle-treated cells.



*** p<0.001; **** p<0.0001 vs TGFβ-Vehicle

In an exploratory, Phase 2a randomized, placebo-controlled study C1973-202 in 26 patients with type 2 diabetes and hypertension on standard of care therapy, patients treated with pralicyguat for 14 days had greater decreases in fasting plasma glucose, LDL cholesterol and triglycerides compared with placebo-treated patients, as shown in Figures A, B and C, respectively. In addition, compared to patients treated with placebo, patients treated with pralicyguat had greater decreases in the homeostatic model assessment of insulin resistance, or HOMA-IR, a measure that reflects insulin sensitivity, as well as greater decreases in plasma levels of ADMA, a marker of endothelial dysfunction and cardiovascular disease risk.

In a Phase 2a study, patients with type 2 diabetes and hypertension on standard of care treatment regimen who received pralicyguat for two weeks had improvements in multiple metabolic parameters



We are conducting a dose-ranging Phase 2 trial in DN with the primary efficacy objective of evaluating the effect of praliciguat on urine albumin-to-creatinine ratio, or UACR, an indicator of kidney damage. This randomized, double-blind, placebo-controlled trial is evaluating safety and efficacy of two dose levels of once-daily praliciguat administered for 12 weeks. The study is enrolling approximately 150 adult patients with type 2 diabetes mellitus, albuminuria and impaired renal function who are on stable antihyperglycemic medications and RAAS inhibitors. We have designed this study to enable us to evaluate the potential for clinical advancement following completion of the study.

In addition to UACR, this study is evaluating the effect of praliciguat on hemodynamics measured by ambulatory blood pressure monitoring, cardiovascular and renal biomarkers and metabolic markers, including fasting plasma glucose, lipids, hemoglobin A1c, insulin and insulin resistance. We expect this study will allow us to expand and confirm our understanding of the effects of praliciguat on diabetic, metabolic, vascular and renal parameters, all of which are relevant across diabetic populations. Data are expected in the second half of 2019.

Completed Phase 1 and 2a Clinical Studies

Phase 1 single-ascending and multiple-ascending dose studies in 100 healthy subjects identified a well-tolerated dose range of once-daily praliciguat, confirmed target engagement and established proof of pharmacology. There were no serious adverse events or discontinuations due to adverse events in these studies. In the randomized, placebo-controlled, single-ascending-dose study, ICP-1973-101 in 46 subjects, 11 of the 35 praliciguat-treated subjects reported headache, five reported tachycardia and four reported vomiting. All of these events were mild or moderate except for one adverse event of vomiting that was severe. No other adverse events were reported in more than two praliciguat-treated subjects. As this was a dose-escalating trial designed to determine the maximum tolerated dose for future clinical trials, most (seven of 11) of the praliciguat-treated subjects who reported headache and all (four of four) of the praliciguat-treated subjects who reported vomiting received dose levels deemed not tolerated in this Phase 1a study. In the randomized, placebo-controlled, multiple-ascending dose study, ICP-1973-102, 44 subjects received a single dose level daily for 14 days then up-titrated to a higher dose for seven more days of dosing. Of the 32 praliciguat-treated subjects, 15 reported headache and six reported dizziness/postural dizziness; all of these events were mild or moderate. No other adverse events were reported by more than two praliciguat-treated subjects. These common adverse events are consistent with the known pharmacology of sGC stimulation and occurred mainly at the higher dose levels. There were no observed trends of concern in laboratory, electrocardiograph or platelet function parameters. Praliciguat exhibited dose-proportional pharmacokinetics with an effective half-life supportive of once-daily dosing. In addition, praliciguat had a large volume of distribution (3100-3610 L) indicating it is broadly distributed to tissues, and negligible renal clearance ($\leq 0.01\%$ of total body clearance) suggesting a low likelihood for dose adjustment in renally impaired patients. Increases in plasma cGMP provided evidence of sGC target engagement, and reduction in blood pressure demonstrated proof of pharmacology. In a Phase 1 drug-drug interaction study with aspirin, C1973-103, praliciguat both alone and in combination with aspirin did not affect bleeding time or platelet function in healthy subjects, nor were there any pharmacokinetic interactions between praliciguat and aspirin.

We have also completed two companion exploratory Phase 2a studies in a total of 37 patients with type 2 diabetes and hypertension who were on stable regimens of medications for both diabetes and blood pressure control. The smaller study, C1973-201, was an open-label rapid-dose-escalation study in 11 patients. Praliciguat was well tolerated in this study with four of the eleven patients reporting headache, which were all considered mild; no other adverse events were reported by more than two patients. Study C1973-202 was a randomized, placebo-controlled, 14-day study of once-daily praliciguat in 26 patients. Of the 20 patients who received praliciguat, five each reported headache, hypoglycemia and nausea, and three reported diarrhea; all of these events were considered mild. No other adverse

events were reported by more than two patients. A single serious adverse event of upper gastrointestinal hemorrhage deemed severe and study drug related occurred in a patient receiving pralicyguat who had ulcerative esophagitis and a previously undiagnosed hiatal hernia; the upper gastrointestinal hemorrhage resolved the same day and the patient recovered completely. There were no observed trends of concern in laboratory, electrocardiograph or platelet function parameters. In these patients on one or more blood pressure-lowering medications, treatment with pralicyguat was associated with small but consistent reductions in blood pressure. Patients treated with pralicyguat also had positive metabolic changes compared with placebo, including mean declines in fasting plasma glucose, triglycerides and LDL serum cholesterol (see figure above “*In a Phase 2a study, patients with type 2 diabetes and hypertension on standard of care treatment regimen who received pralicyguat for two weeks had improvements in multiple metabolic parameters*”). In addition, pralicyguat-treated patients had a mean decline in plasma ADMA, a marker of endothelial dysfunction and a risk factor for cardiovascular disease. As in the Phase 1 studies, pralicyguat had a large volume of distribution indicating extensive distribution outside the vasculature and a pharmacokinetic/pharmacodynamic profile supportive of once-daily dosing.

Market Opportunity

The World Health Organization estimates that there are over 400 million adults with diabetes globally at a prevalence rate of 8.5%. According to Gheith, et al, up to 40% of all patients with diabetes have DN. The burden of caring for DN patients is high due to the cost of treating ESRD as well as the strong association of DN with cardiovascular morbidity. The total expenses for managing patients with ESRD in 2010 in the United States was \$32.9 billion for Medicare patients and \$14.5 billion for non-Medicare patients.

HFpEF

Disease Background

Patients with HFpEF have clinical signs and symptoms that include difficulty breathing, shortness of breath while lying down, swelling of the legs, pulmonary congestion and enlargement of the heart. These patients often have low activity levels and impaired quality of life and frequently experience depression. Mortality rates over five years for patients diagnosed with HFpEF have been reported to range from 55% to 74%. Impaired functional capacity is a major source of morbidity in HFpEF patients and substantially affects patients’ day-to-day functioning. HFpEF patients generally suffer from multiple comorbid conditions including type 2 diabetes mellitus, chronic kidney disease, metabolic syndrome, coronary artery disease, obesity and hypertension.

While there have been advances in treatment for patients with heart failure with reduced ejection fraction, or HFrEF, there are no approved therapies to treat HFpEF and treatment options are largely empiric. Lifestyle modifications such as diet and exercise are recommended but are often ineffective. Current management strategies are based on managing the comorbidities that often occur with HFpEF such as diabetes, hypertension, chronic kidney disease, chronic pulmonary disease, obesity and coronary artery disease. Heart failure remains a rising global epidemic with an estimated prevalence of approximately 38 million individuals globally. HFpEF comprises 44% to 72% of new heart failure diagnoses. Patients with HFpEF account for approximately half of the total hospitalizations for heart failure and are frequently re-admitted following discharge.

Nitric Oxide Connection

HFpEF and many of its common comorbid conditions are associated with chronic systemic microvascular inflammation and endothelial dysfunction, which are thought to contribute to the development of cardiac and skeletal muscle inflammation and subsequent fibrosis. In turn, these

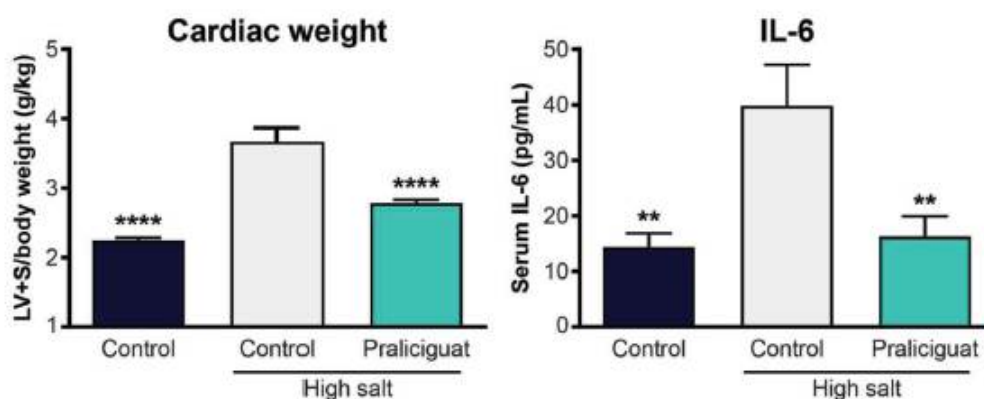
conditions are accompanied by increased oxidative stress, which reduces nitric oxide signaling and cGMP. Decreased cGMP levels result in multiple downstream effects, including impaired phosphorylation of titin leading to decreased myocardial compliance and increased synthesis of collagen. These effects may further play a role in the reduced ventricular compliance and the myocardial remodeling that is sometimes seen in HFpEF. The resulting endothelial dysfunction also leads to reduced coronary flow reserve and reduced oxygen delivery to, and utilization by, skeletal muscle.

Our Solution

Based on preclinical data, we believe praliguat has the potential to provide both short- and long-term beneficial effects for patients with HFpEF. By enhancing impaired nitric oxide signaling in the heart and systemic circulation, we believe praliguat has the potential to improve coronary flow reserve (the maximum increase in blood flow through the coronary arteries above the normal resting volume) as well as oxygen delivery to, and utilization by, skeletal muscle. Through this mechanism, we believe praliguat may have a positive impact on patient symptoms, including improving exercise tolerance. Furthermore, we believe longer-term treatment with praliguat has the potential to reduce cardiac stiffness by increasing phosphorylation of titin; to reduce microvascular inflammation and fibrosis, pathophysiological drivers of HFpEF; and to prevent left ventricular remodeling and disease progression. We believe these improvements may translate not only to increases in functional capacity and quality of life for patients with HFpEF, but also to reduction in hospitalizations and mortality in this underserved patient population.

Preclinically, praliguat treatment was associated with positive effects on cardiac morphology, function and biomarkers in models of heart failure. The Dahl salt-sensitive rat is a model of hypertension that develops cardiac hypertrophy and other characteristics associated with HFpEF. In this rat model, lower cardiac weight, as well as lower levels of the inflammatory biomarker interleukin 6 (IL-6), was observed in eight rats following six weeks of treatment with praliguat compared to an untreated control group (eight rats), as shown below.

In a preclinical model of heart failure, lower cardiac hypertrophy and markers of inflammation were observed in praliguat-treated animals



** p<0.01; **** p<0.0001 vs High-salt Control; LV+S=left ventricular free wall plus ventricular septum

We are conducting a Phase 2 proof-of-concept trial, CAPACITY-HFpEF, to evaluate the safety and efficacy of once-daily praliguat over 12 weeks of treatment in approximately 184 patients with HFpEF. The study population is adult patients with established heart failure with an ejection fraction of at least 40%, who demonstrate limited exercise capacity based on cardiopulmonary exercise testing, or CPET, with NYHA class II-IV symptomatology. In addition, patients must have at least two of four risk factors for HFpEF that are associated with decreased nitric oxide signaling: diabetes/prediabetes, hypertension, obesity and advanced age (≥ 70 years). Patients are stratified by atrial fibrillation status and by baseline peak oxygen uptake (VO_2) and randomized to praliguat or placebo.

The primary efficacy endpoint of this multicenter, randomized, double-blind, placebo-controlled, proof-of-concept study is peak VO_2 measured during CPET. This quantitative measure of exercise capacity defines functional aerobic capacity and reflects a patient's uptake, transport and use of oxygen, which are all aspects that we believe will be improved by the vascular effects of praliguat. Secondary efficacy endpoints also measure functional capacity and include six-minute walk distance and ventilatory efficiency by CPET. We believe that improvements in these measures may translate into improvements in heart failure prognosis and in a patient's ability to function independently. Additional assessments include echocardiography, NYHA classification and the Kansas City Cardiomyopathy Questionnaire, which assesses health-related quality of life in patients with chronic heart failure. We will also examine biomarkers of metabolic effects, such as lipids, glucose and hemoglobin A1c levels to expand our understanding of the effect of praliguat on metabolic parameters in patients with HFpEF. Data from this trial are expected in the second half of 2019.

Market Opportunity

Heart failure is the most common cause of hospitalization in Medicare patients and represents 1-2% of all hospitalizations or approximately one million discharges per year. The number of heart failure hospitalization admissions tripled between 1979 and 2004. Between 1987 and 2001, the average prevalence of HFpEF hospitalizations increased from 38% to 54%. Admitted patients with HFpEF have a 50% chance of re-hospitalization for heart failure within six months. Further, total costs for managing heart failure patients in the United States is expected to grow to \$53 billion by 2030.

IW-6463 for Neurodegenerative Diseases

IW-6463, which we believe is the first and only sGC stimulator pharmacologically tailored to address neurodegenerative diseases, has demonstrated significant exposure in the CNS in preclinical studies. We believe IW-6463 affords an unprecedented opportunity to expand the utility of sGC pharmacology to serious neurodegenerative diseases. Clinical and nonclinical research suggests that nitric oxide signaling plays a critical role in the CNS in memory formation and retention, cerebral blood flow and neuroinflammation. In preclinical models, IW-6463 treatment was associated with increases in cerebral blood flow; increases in brain tissue cGMP levels; improvements in neuronal health and function; reductions in markers of neuroinflammation; increases in neuroprotective factors, including phosphorylated adenosine 3', 5'-cyclic monophosphate response element-binding protein, or pCREB; and enhanced cognition. CNS pharmacological activity of IW-6463 has been observed preclinically using multiple non-invasive techniques that can also be employed in early clinical studies. Our first-in-human study of IW-6463 initiated in January of 2019 with results expected in the second half of 2019.

Serious Neurodegenerative Diseases Associated with Nitric Oxide Deficiency

Neurodegenerative disease is a comprehensive term for diseases characterized by neuronal death, progressive tissue loss and subsequent mortality. This group of diseases, while widely differing in terms

of etiology, genetics, comorbidities and rates of progression, has the common pathophysiology of neuronal damage and cell death and is often associated with deficits in nitric oxide signaling. Disease progression is typically driven by chronic oxidative stress that results in increases in reactive oxygen species and neuroinflammation in the CNS. The persistent inflammatory state leads to decreased neuronal metabolism, impaired blood flow and decreased nutrient supply, all of which ultimately result in loss of neuronal connections, impaired signaling, cell death and cognitive deficits.

We are targeting neurodegenerative diseases that meet the following criteria: (i) serious disease in a precisely defined population where we have potential to offer a breakthrough treatment, (ii) underlying pathophysiology linked to deficiencies in nitric oxide signaling, (iii) ability to demonstrate proof-of-concept in a clear and efficient manner and (iv) opportunity to develop strong value recognized by payors and meaningful commercial potential.

Nitric Oxide Connection

Nitric oxide is a potent neurotransmitter. Increases in nitric oxide signaling have been implicated in promoting neuronal survival and function, restoring vascular tone and regional blood flow and decreasing inflammation and fibrosis. Impaired NO-sGC-cGMP signaling is believed to play an important role in the pathogenesis of several neurodegenerative diseases, and decreased nitric oxide signaling has been linked to cognitive impairment.

Our Solution

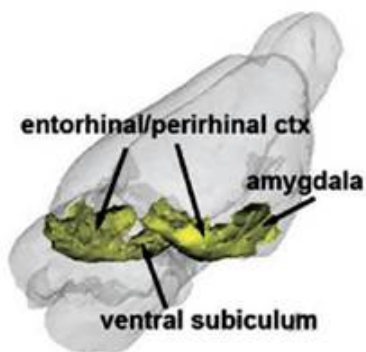
IW-6463 is designed to address serious neurodegenerative diseases through its significant exposure in the CNS. In serious CNS diseases associated with nitric oxide deficiency, we believe IW-6463 may amplify endogenous nitric oxide signaling to alleviate neurodegenerative pathology at the cellular level and thereby restore neuronal health and function. More broadly, in neurodegenerative diseases of varying etiologies, we believe that IW-6463 has the potential to combat neurodegeneration via the neuroprotective and neurofunctional benefits of nitric oxide signaling.

Across a variety of preclinical models, treatment with IW-6463 was associated with increases in cerebral blood flow, reductions in markers of neuroinflammation, increased neuroprotection and enhanced cognition. Furthermore, effects have been demonstrated at doses associated with minimal reductions in systemic blood pressure.

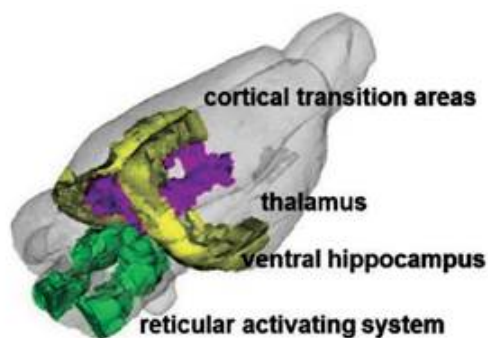
CNS activity can be assessed by measuring blood flow in the brain via functional magnetic resonance imaging using blood-oxygen-level dependent (BOLD) imaging. As shown below, compared with animals treated with a peripherally restricted sGC stimulator that does not penetrate the CNS (left image, eight rats), animals treated with CNS-penetrant IW-6463 (right image, 10 rats) had increased BOLD signal in brain areas associated with memory and arousal in rats, indicating that blood flow to those brain areas increased with IW-6463 treatment.

IW-6463-treated rats had increased blood flow to brain areas associated with memory and arousal relative to rats treated with a peripherally restricted sGC stimulator

sGC stimulator: peripherally restricted

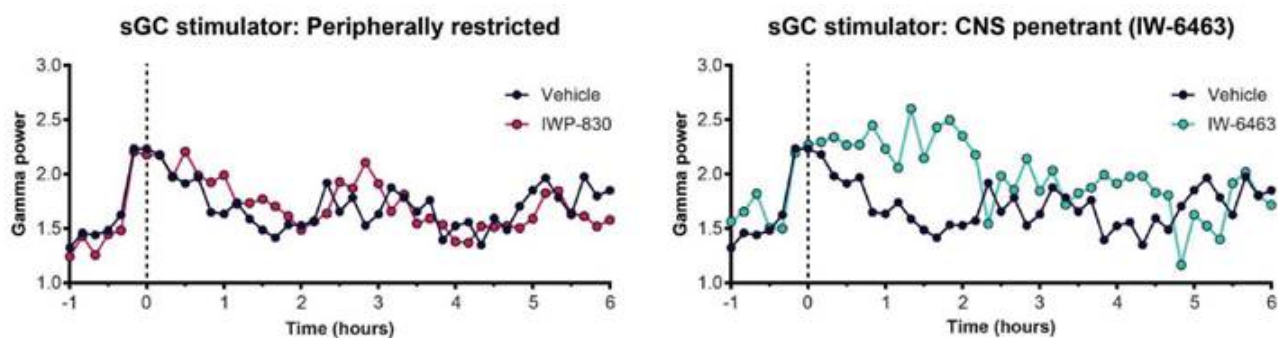


IW-6463: CNS penetrant



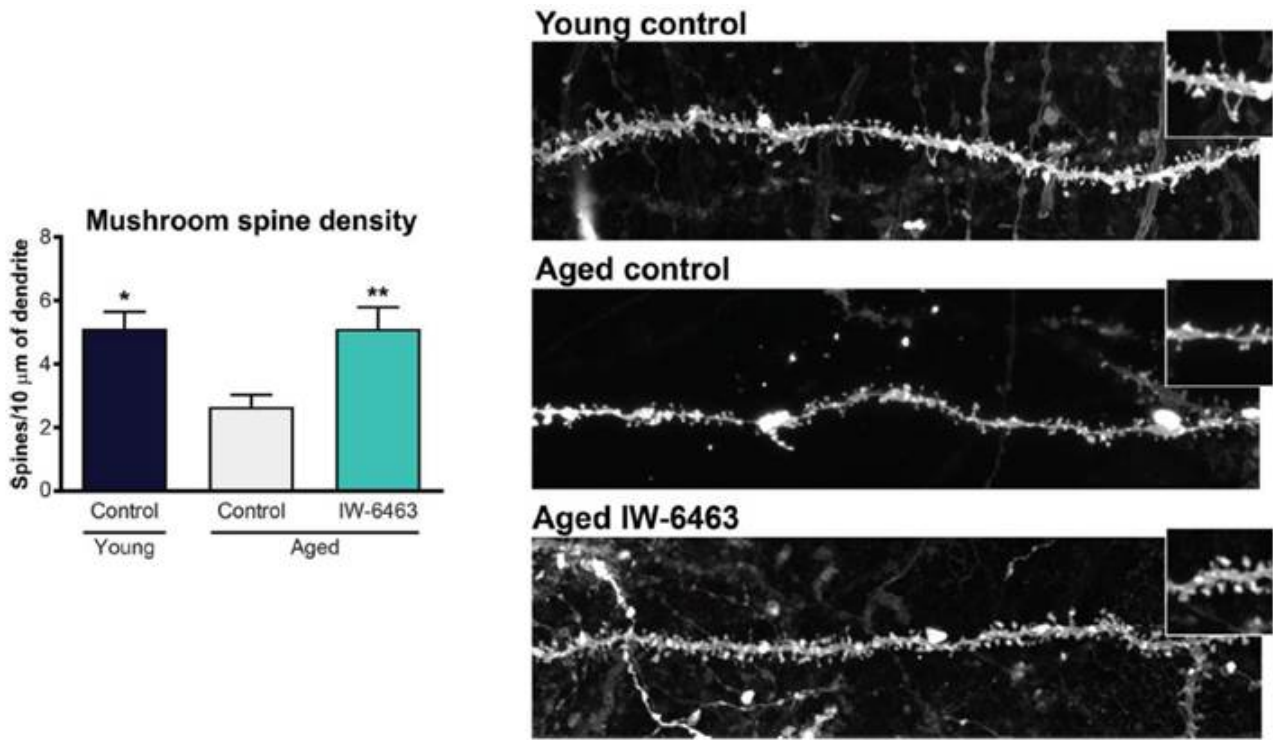
Gamma band oscillations as measured by quantitative electroencephalography, or qEEG, are known to be associated with cognitive processing and have been shown to be altered in several neurodegenerative disorders. Cortical activity was measured in rats via qEEG following a single dose of CNS-penetrant IW-6463 (12 rats) or a peripherally restricted sGC stimulator (12 rats). As illustrated in example EEG tracings below, compared with EEG activity in rats receiving the peripherally restricted stimulator, rats receiving IW-6463 had increases in gamma band oscillations demonstrating significant cortical brain activity.

Compared with a peripherally restricted sGC stimulator, cortical brain activity increased in rats following single-dose IW-6463



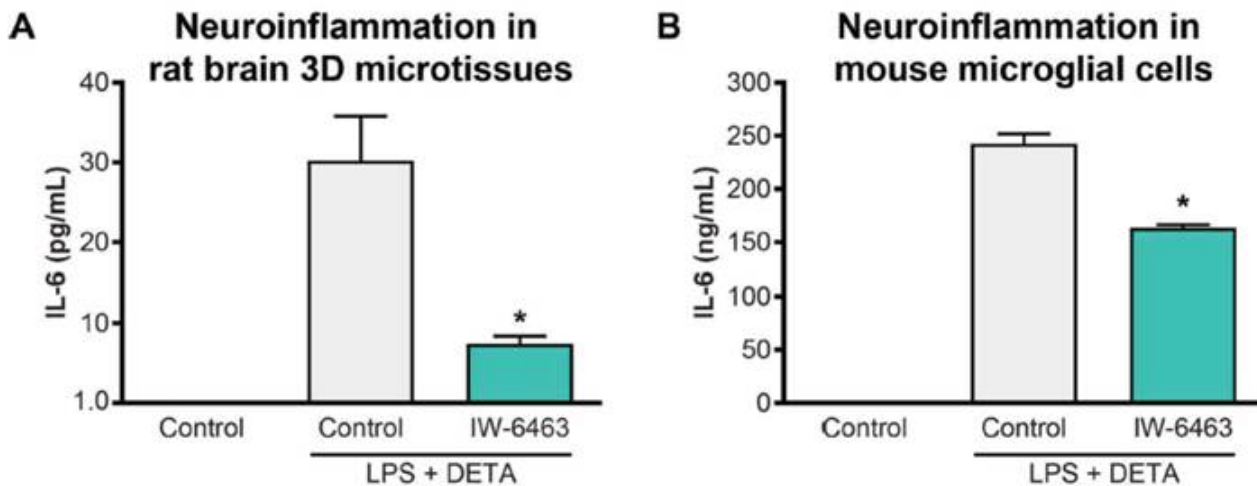
Dendritic spines protrude from the dendritic shafts of neurons and are involved in the synaptic processes that underlie cognitive function. Loss of neuronal spines is associated with neurodegenerative disorders, is correlated with decreased synaptic function and may contribute to cognitive dysfunction. We evaluated the effects of IW-6463 on the density of spines of pyramidal neurons in the hippocampus of aged mice. As illustrated below, after four months of treatment, the density of hippocampal neuronal spines in IW-6463-treated aged mice was not only greater than that of vehicle-treated aged mice controls but was at the same level as that of the young control mice (six mice per group with five sections per mouse). Restoration of spine density has the potential to provide neuroprotective effects and improve synaptic function in neurodegenerative diseases.

Aged mice treated with IW-6463 for four months had neuronal spine density greater than that observed in aged control mice and similar to that observed in young control mice



* $p < 0.05$ vs Aged control

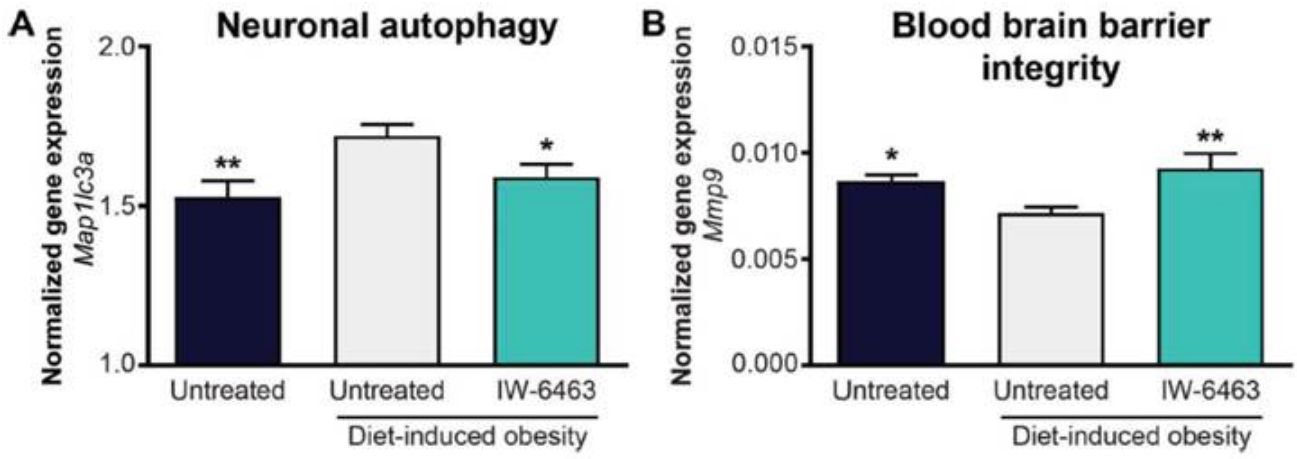
Inflammation in the CNS drives the progression of neurodegeneration by multiple mechanisms, including disruption of healthy neuronal processes and blood-brain barrier integrity, which are critical to homeostasis of the CNS. The effects of IW-6463 on markers of inflammation were studied in two in vitro models. In the first, the effect of IW-6463 was studied in rat brain 3D microtissues, a 3D cell model containing a mix of neurons, astrocytes, microglial cells and oligodendrocytes. In this in vitro model, brain microtissues pretreated with IW-6463 had lower levels of lipopolysaccharides (LPS)-induced inflammatory cytokines and pro-apoptotic markers, including IL-6, compared with control, as shown in Figure A below. In a second in vitro study, mouse microglial SIM-A9 cells pretreated with IW-6463 had lower levels of LPS-induced IL-6 compared with control, as shown in Figure B below. We believe these results suggest that IW-6463 has the potential to inhibit neuroinflammation, thus promoting neuronal survival.



* p<0.05 vs LPS + DETA Control.

NOTE: Values for the non-LPS-induced Control were below the limit of quantification and not included in the statistical analysis.

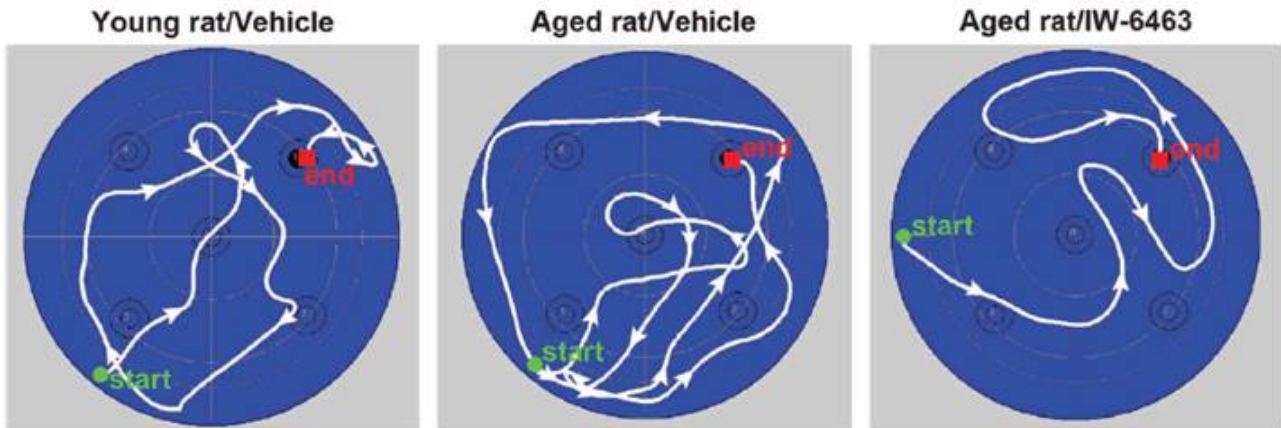
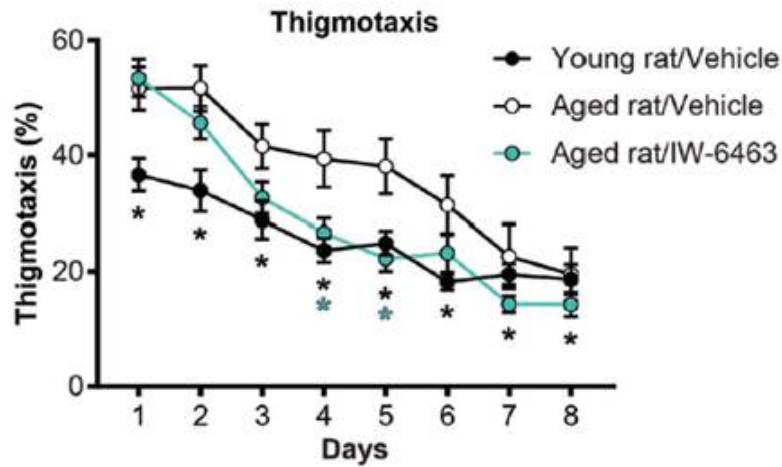
Neuroinflammation accompanies obesity-related metabolic diseases, which are in turn associated with multiple neurodegenerative diseases. To assess the effects of IW-6463 on obesity-induced neuroinflammatory-associated processes, we studied markers of neuronal health in the diet-induced obesity mouse model. We measured gene expression of microtubule-associated protein 1-light chain 3A, or Map1lc3a, a marker for autophagy. Neuronal autophagy is a cellular degradation process necessary for the maintenance of neuronal function, and impaired autophagy leads to neurodegeneration. As illustrated below in Figure A, obese mice (nine mice) treated with IW-6463 had lower levels of Map1lc3a in the hypothalamus compared with those untreated (nine mice). We also assessed the effect of IW-6463 on blood-brain barrier integrity in this model via gene expression of matrix metalloproteinase 9, or MMP-9, as decreases in MMP-9 expression are associated with neuronal cell loss. As illustrated below in Figure B, IW-6463-treated obese mice had higher expression levels of *Mmp9* compared with untreated obese mice. We believe these results demonstrate neuroprotective effects that are a functional consequence of anti-inflammatory activity in the CNS.



* p<0.05;

** p<0.01 vs Obese Control

IW-6463 treatment was also associated with positive cognitive effects in multiple animal models, including both aged and pharmacologically impaired rats. The effects of daily oral IW-6463 treatment in aged rats were assessed over eight days in the Morris water maze, a test of spatial and learning memory. On Day 1, thigmotaxis (wall-following behavior that delays maze solving) was similar in aged animals receiving IW-6463 (18 rats) and aged animals receiving vehicle (17 rats), while young animals receiving vehicle (20 rats) had lower values as depicted in the figure below. As exemplified by the path tracings, on days 4 and 5, IW-6463-treated rats had a mean thigmotaxis value lower than that of aged vehicle-treated rats, and similar to that of young vehicle-treated rats.



* $p < 0.05$; vs Aged/Vehicle

Based on these preclinical data indicating that IW-6463 treatment was associated with increased cerebral blood flow, decreased neuroinflammation, increased neuroprotection and improved synaptic and cognitive function, we believe that IW-6463 provides a unique opportunity for the potential treatment of neurodegenerative diseases characterized by progressive neuronal dysfunction and neuronal loss that result in cognitive impairment. By amplifying nitric oxide signaling in the brain, we believe IW-6463 has the potential to simultaneously address multiple facets of neurodegeneration and alter or modify the course of disease.

Clinical Development

IW-6463 is being evaluated in a first-in-human study that initiated in January of 2019 with results expected in the second half of 2019. Our Phase 1 study is not only designed to provide safety, tolerability and pharmacokinetic data on single- and multiple-ascending doses of IW-6463, but also to potentially translate our observed preclinical effects to humans, demonstrating proof of pharmacology. We will evaluate the effects of IW-6463 by using quantitative, objective measures of brain activity, such as qEEG, and a select battery of well-characterized cognitive and motor assessments. After Phase 1, we plan to conduct early proof-of-concept studies in well-defined populations with neurological deficits mechanistically linked to nitric oxide signaling. This stepwise approach provides the opportunity to attain an initial clinical read on the potential of this mechanism to treat neurodegenerative diseases.

Organ-targeted sGC Stimulators in Late Discovery

sGC stimulation is a powerful mechanism that can broadly regulate blood flow, inflammation, fibrosis and metabolism. In diseases that are localized to specific organs or tissues, we believe that our organ-targeting strategy will maximize the efficacy of sGC pharmacology in key organs while reducing the potential for dose-limiting hemodynamic effects sometimes observed with sGC stimulation. Our initial focus is on the liver and the lung due to the clear role of nitric oxide signaling in diseases with high unmet need that affect these organs. We currently have two late stage discovery programs focusing on delivery of a liver-targeted compound for serious and orphan hepatic diseases and a lung-targeted compound for serious and orphan pulmonary diseases.

Liver-targeted sGC Stimulators

In animal models of liver fibrosis treated with systemic sGC stimulators, we have observed reductions in liver fibrosis, inflammation and steatosis, pathophysiological processes that underlie multiple chronic liver diseases. Our solution for these diseases is to modulate the physicochemical properties of a sGC stimulator to target the liver while minimizing systemic exposure. We have developed orally administered sGC stimulators that are designed to selectively partition to the liver to achieve tissue concentrations that are greater than 20-fold higher than corresponding plasma concentrations. Selectivity for liver tissues over plasma is intended to allow us to maximize hepatic pharmacology. We expect to nominate a development candidate in the first half of 2019 and file an IND and/or CTA application thereafter. We believe this new oral sGC stimulator will allow us to fully exploit the potential of nitric oxide signaling pharmacology to treat serious liver diseases.

Lung-targeted sGC Stimulators

Our lung-targeted program is aimed at realizing the full potential of sGC stimulation in pulmonary diseases, by selectively increasing exposure in the lung. We designed lung-retentive, lung-stable sGC stimulators that are delivered via pulmonary administration. Our lead molecule is highly retained in the lung with greater than 50-fold selectivity for lung over plasma in an animal model. In addition, while our lung-targeted stimulator is metabolically stable in the lung, it is unstable in the plasma with rapid systemic clearance. This targeting strategy is intended to maximize the efficacy of sGC pharmacology in the lung while reducing potential dose-limiting systemic effects sometimes observed with sGC stimulation. We expect to nominate a development candidate in the first half of 2019 and file an IND and/or CTA application thereafter.

Intellectual Property

We vigorously protect the intellectual property and proprietary technology that we believe is important to our business, including by pursuing and maintaining U.S. and foreign patents that cover our products and compositions, their methods of use and the processes for their preparation, as well as any other relevant inventions and improvements that are commercially important to the development of our business. We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our commercial success depends in part on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions, improvements and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties.

As of February 28, 2019, we had 10 issued U.S. patents, 23 pending U.S. patents applications, seven pending PCT applications, and numerous foreign patents and pending patent applications. The PCT applications are filed under the PCT, an international patent law treaty that provides a unified procedure for filing a single initial patent application to seek patent protection for an invention simultaneously in each of the 152-member states, followed by the process of entering national phase, which requires a separate application in each of the member states in which national patent protection is sought.

The technology underlying our sGC patents and pending patent applications has been developed by us and was not acquired from any in-licensing agreement. We own all of the issued patents and pending applications.

The intellectual property portfolios for our most advanced product candidates as of February 28, 2019, are summarized below.

Olinciguat Patent Portfolio

Our olinciguat patent portfolio in the U.S. includes three U.S. patents, six pending U.S. patent applications and two PCT applications.

One of the U.S. patents, US 9,586,937, which will expire in 2034, is directed to olinciguat and pharmaceutical compositions thereof. The term of this U.S. patent may be eligible for patent term extension as described below. The other two U.S. patents, US 8,748,442 and US 9,139,564, expire in 2031, and provide generic coverage of olinciguat and intermediates used in the preparation of olinciguat, respectively.

We have a pending U.S. application directed to methods of treating SCD with olinciguat, that, if issued, will expire in 2034 or later. Methods of treating other diseases with olinciguat are disclosed in pending PCT and U.S. applications, that if issued, will expire in 2036 or later. We have pending PCT and U.S. applications directed to polymorphs of olinciguat and processes and synthetic intermediates for preparing olinciguat that, if issued, will expire in 2037 or later.

Furthermore, we have two granted European patents, one expiring in 2031 and the other in 2032; two granted Japanese patents, one expiring in 2031 and the other in 2034; two granted Chinese patents, one expiring in 2031 and the other in 2032; and seven issued patents in other foreign jurisdictions, all expiring in 2031. Some of these patents may be eligible for patent term extension depending on the jurisdiction. We also have numerous patent applications pending in foreign jurisdictions.

Praliguat Patent Portfolio

Our praliguat patent portfolio in the U.S. includes four U.S. patents, seven pending U.S. patent applications and two PCT applications.

One of the U.S. patents, US 9,481,689, which will expire in 2034, is directed to praliguat and pharmaceutical compositions thereof. The term of this U.S. patent may be eligible for patent term extension as described below. Two other U.S. patents, US 8,748,442 and US 9,139,564, expire in 2031, and provide generic coverage of praliguat and intermediates used in the preparation of praliguat, respectively. The fourth U.S. patent, US 10,183,021 will expire in 2034 and is directed to the treatment of resistant hypertension with praliguat or combinations of praliguat and known anti-hypertensives.

We have a pending U.S. application directed to a method of treating DN with praliguat, that, if issued, will expire in 2034 or later. We have pending PCT and U.S. applications directed to methods of treating other diseases with praliguat, that if issued, will expire in 2036 or later. We intend to pursue claims to a method of treatment of heart failure with praliguat at a later date.

We have a pending U.S. application directed to a praliguat formulation, that, if issued, will expire in 2036 or later. We have a pending PCT and a pending U.S. application directed to processes and synthetic intermediates for preparing praliguat that, if issued, will expire in 2037 or later.

Furthermore, we have two granted European patents, one expiring in 2031 and the other in 2032; two granted Japanese patents, one expiring in 2031 and the other in 2034; three granted Chinese patents, one expiring in 2031, one in 2032, and the third expiring in 2034; and eight issued patents in other foreign jurisdictions, seven of them expiring in 2031 and one expiring in 2034. Some of these patents may be eligible for patent term extension depending on the jurisdiction. We also have numerous patent applications pending in foreign jurisdictions.

IW-6463 Patent Portfolio

Our patent estate includes pending PCT, U.S. and foreign applications directed to IW-6463, pharmaceutical compositions thereof, and methods of treating several types of neurodegenerative diseases, that, if issued, will expire in 2037 or later.

Additional Intellectual Property

In addition to the patents and patent applications related to praliguat, olinciguat and IW-6463, we currently have five issued U.S. patents; nine patents granted in foreign jurisdictions, including European patents that have each been validated in several countries; and a number of pending U.S., foreign and PCT applications directed to other sGC stimulator molecules and uses thereof.

Patent Term

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application, assuming that all applicable maintenance or annuity fees are paid. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO, in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier-filed patent. The duration of foreign patents varies in accordance with provisions of applicable local law, but typically is also twenty years from the earliest effective filing date. However, the actual protection afforded by a patent varies on a product by product basis, from country to country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in that country, and the validity and enforceability of the patent.

In addition, the term of a U.S. patent that covers an FDA-approved drug may be eligible for patent term extension under the Drug Price Competition and the Hatch-Waxman Act, to account for some of the time the drug is under development and regulatory review after the patent is granted. For a drug for which FDA approval is the first permitted marketing of the active ingredient, the Hatch-Waxman Act allows for extension of the term of one U.S. patent that includes at least one claim covering the composition of matter of an FDA-approved drug, an FDA-approved method of treatment using the drug and/or a method of manufacturing the FDA-approved drug. The extended patent term cannot exceed the shorter of five years beyond the non-extended expiration of the patent or 14 years from the date of the FDA approval of the drug. Some foreign jurisdictions, including Europe and Japan, have similar patent term extension provisions, which allow for extension of the term of a patent that covers a drug approved by the applicable foreign regulatory agency.

Trade Secrets and Proprietary Information

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. We typically rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. We protect our proprietary information, including trade secrets and know-how, by establishing confidentiality agreements with our commercial partners, collaborators, scientific advisors, employees and consultants and invention assignment agreements with our employees, consultants, scientific advisors and contractors. These agreements generally provide that all confidential information developed or made known during the course of an individual or entities' relationship with us must be kept confidential during and after the relationship. These agreements also typically provide that all inventions resulting from work performed for us or relating to our business and conceived or completed during the period of employment or assignment, as applicable, shall be our exclusive property. These agreements are designed to protect our proprietary information and, in the case of the invention assignment agreements, to grant us ownership of technologies that are developed through a relationship with a third party. However, these agreements may be breached, and we may not have adequate remedies for any breach. We also take other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of our proprietary information by third parties. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our commercial partners, collaborators, employees and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Government Regulation

In the United States, the FDA regulates medical products, including prescription drugs under the Federal Food, Drug and Cosmetic Act, or FDCA, and its implementing regulations. Products are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval may subject an applicant and/or sponsor to a variety of administrative or judicial sanctions, including imposition of a clinical hold, refusal by the FDA to approve applications, withdrawal of an approval, import/export delays, issuance of warning letters and other types of enforcement letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA, the Department of Justice, State Attorneys General, or other governmental entities.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of extensive pre-clinical laboratory tests and animal tests conducted in accordance with applicable regulations, including Good Laboratory Practices, or GLP, regulations and applicable requirements for the humane use of laboratory animals;
- submission to the FDA of an IND application for human clinical testing, which must become effective before human clinical trials may commence;
- approval by an independent IRB, representing each clinical site before each clinical trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, GCPs and other clinical-trial related regulations to establish the safety and efficacy of the product for each proposed indication;
- preparation and submission to the FDA of a NDA;
- satisfactory completion of one or more FDA pre-approval inspection(s) of the manufacturing facility or facilities at which the product, or components thereof, are made to assess compliance with current GMP;
- payment of user fees for FDA review of the NDA; and
- FDA acceptance, review and approval of the NDA, which may include an Advisory Committee review.

The development and approval process require substantial time, effort and financial resources and the receipt and timing of any approval is uncertain.

Preclinical and Human Clinical Trials in Support of an NDA

Before testing any drug product candidate in humans, the product candidate must undergo rigorous pre-clinical testing. Pre-clinical studies include laboratory evaluations of the product candidate, as well as in vitro and animal studies to assess the potential safety and efficacy of the product candidate. The conduct of pre-clinical trials must comply with federal regulations and requirements, including GLP regulations. The sponsor must submit the results of the pre-clinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND, which must become effective before clinical trials may be commenced. The IND will become effective automatically 30 days after receipt by the FDA, unless the FDA raises concerns or questions about the conduct of the trials as outlined in the IND prior to that time. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can proceed.

Clinical trials involve the administration of the product candidate to human subjects under the supervision of qualified investigators in accordance with GCP requirements. Each clinical trial must be reviewed and approved by an IRB for the sites at which the trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB will consider, among other things, ethical factors, the safety of human subjects and the possible liability of the institution. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed.

Clinical trials are typically conducted in three sequential phases prior to approval, which may overlap or be combined:

- *Phase 1.* Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug.
- *Phase 2.* Phase 2 clinical trials usually involve studies in a limited patient population to evaluate the efficacy of the product candidate for specific indications, determine dosage tolerance and optimal dosage and identify possible adverse effects and safety risks.
- *Phase 3.* Phase 3 clinical trials generally involve a larger number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for

its intended use, its safety in use, to establish the overall benefit/risk profile of the product and to provide an adequate basis for product approval.

· *Phase 4.* Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after approval to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs approved under accelerated approval regulations, or when otherwise requested by the FDA. Failure to promptly conduct any Phase 4 clinical trials required by the FDA could result in enforcement action or withdrawal of approval.

Progress reports detailing the results of clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. The FDA or the sponsor may suspend or terminate a clinical trial at any time, or the FDA may impose other sanctions on various grounds, including a finding that the research patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the requirements of the IRB or if the drug has been associated with unexpected serious harm to patients. There are also requirements related to registration and reporting of certain clinical trials and completed clinical trial results to public registries.

Submission and Review of an NDA

Assuming successful completion of the required pre-clinical and clinical testing, the results of pre-clinical studies and clinical trials, together with detailed information on the product's manufacture, composition, quality controls and proposed labeling, among other things, are submitted to the FDA in the form of an NDA, requesting approval to market the product for one or more indications. The application must be accompanied by a significant user fee payment, which typically increases annually, although waivers may be granted in limited cases (*e.g.*, for products that have received an Orphan Designation).

As an alternative path to FDA approval for modifications to formulations or uses of drugs previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. In contrast to the traditional NDA, which requires submission of a full slate of pre-clinical and clinical data, a Section 505(b)(2) NDA can rely, at least partially, on data from studies not conducted by, or for, the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted.

The FDA has substantial discretion in the approval process and may refuse to accept any application or decide that the data is insufficient for approval, and may require additional preclinical, clinical or other studies before it accepts the filing. If an NDA has been accepted for filing, which occurs 60 days after submission, the FDA sets a user fee goal date that informs the applicant of the specific date by which the FDA intends to complete its review. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, for original NDAs, the FDA has ten months from the filing date in which to complete its review of a standard application, and six months from the filing date for an application with priority review. The FDA does not always meet its PDUFA goal dates, and the review process may be significantly extended by FDA requests for additional information or clarification.

The FDA reviews NDAs to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with current GMP to assure and preserve the product's identity, strength, quality and purity. Before approving an NDA, the FDA typically will inspect the facilities at which the product is manufactured and will not approve the product unless the manufacturing facilities comply with current GMP. Additionally, the FDA will frequently inspect one or more clinical trial sites for compliance with GCPs and integrity of the data supporting safety and efficacy.

During the approval process, the FDA will also prepare an integrated benefit risk assessment and determine whether a REMS, is necessary to ensure that the benefits of the drug outweigh the risks and to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the application must submit a proposed REMS. A REMS that includes ETASU can substantially increase the costs of commercializing a drug. The FDA could also require a special warning, known as a boxed warning, to be included in the product label in order to highlight a particular safety risk. The FDA may also convene an advisory committee of external experts to provide input on certain review issues relating to risk, benefit and interpretation of clinical trial data.

On the basis of the FDA's evaluation of the NDA and accompanying information, including the results of the inspection of the manufacturing facilities, FDA will issue either an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug and is accompanied by specific prescribing information for specific conditions of use. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the submission identified by the FDA and may require additional clinical or other data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time-consuming requirements related to clinical trials, pre-clinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either amend the NDA with data to address the raised concerns, resubmit the NDA, addressing all the deficiencies identified in the letter or withdraw the application. Even with submission of this additional information, the FDA may ultimately decide that the re-submitted application does not satisfy the regulatory criteria for approval.

Orphan Drug Designation

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug intended to treat a rare disease or condition affecting fewer than 200,000 individuals in the United States, or in other limited cases. Orphan drug designation must be requested before submitting an NDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process, though companies developing orphan drugs may be eligible for certain incentives, including tax credits for qualified clinical testing. In June 2018, the FDA granted orphan drug designation to our product candidate olinciguat for the treatment of patients with SCD.

Generally, if a product that has orphan drug designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same active moiety for the same indication for seven years from the date of such approval, except in limited circumstances. Competitors, however, may receive approval of different active moieties for the same indication or obtain approval for the same active moiety for a different indication. If one of our products designated as an orphan drug receives marketing approval for an indication broader than that which is designated, it may not be entitled to orphan drug exclusivity.

Expedited Review and Approval

The FDA has various programs that are intended to expedite development and approval of drugs intended for the treatment of serious or life-threatening diseases or conditions and that demonstrate the potential to address unmet medical needs.

An application may be eligible for a "fast track" designation for a product that is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address an unmet medical need. Fast track designation provides opportunities for more frequent interactions with the FDA review team and permits FDA to consider sections of the NDA on a rolling basis before the

complete application is submitted. In September 2018, the FDA granted fast track designation to our product candidate praliguat for the treatment of patients with HFpEF.

In addition, a sponsor can request designation of a product candidate as a “breakthrough therapy.” A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, where preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. The FDA must take certain actions with respect to breakthrough therapies, such as holding timely meetings with and providing advice to the product sponsor.

An application may be eligible for “accelerated approval” where the product candidate is intended to treat a serious or life-threatening illness and provides meaningful therapeutic benefit over existing treatments; applications eligible for accelerated approval may be approved on the basis of adequate and well-controlled clinical trials establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, or IMM, that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA requires a sponsor to conduct confirmatory studies to verify the predicted effect on IMM or another clinical endpoint, and the product may be subject to expedited withdrawal procedures.

Once an NDA is submitted for a product intended to treat a serious condition, the FDA may assign a priority review designation if the FDA determines that the product, if approved, would provide a significant improvement in safety or effectiveness. Under priority review, the FDA must review an application in six months, compared to ten months for a standard review. A product may be eligible for more than one expedited approval program. Even if a product qualifies for one or more of these programs, however, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. Furthermore, these expedited review pathways do not change the standards for approval and may not ultimately expedite the development or approval process.

Non-Patent Exclusivity

In addition to patent exclusivity, the holder of the NDA for the listed drug may be entitled to a period of non-patent exclusivity, during which the FDA cannot approve an ANDA for approval of a generic or 505(b)(2) application that relies on the listed drug as protected by regulatory exclusivity.

An NDA for a new chemical entity may receive five years of exclusivity, whereby the FDA will not accept for filing, with limited exceptions, a product seeking to rely upon the FDA’s findings of safety or effectiveness for such new chemical entity. An ANDA containing a paragraph IV patent certification can be filed after four years. Alternatively, an NDA may obtain a three-year period of non-patent market exclusivity for a particular condition of approval, or change to a marketed product, such as a new formulation for a previously approved product, if one or more new clinical studies (other than bioavailability or bioequivalence studies) was essential to the approval of the application and was conducted/sponsored by the applicant.

Orange Book Listing

In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA certain patents whose claims cover the applicant’s product or an approved method of using the product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the FDA’s Approved Drug Products with Therapeutic Equivalence Evaluations, known as the Orange Book. Any applicant who files an ANDA seeking

approval of a generic equivalent version of a drug listed in the Orange Book or a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify, for each patent listed in the Orange Book for the referenced drug, to the FDA that (i) no patent information on the drug product that is the subject of the application has been submitted to the FDA, (ii) such patent has expired, (iii) if such patent has not expired, the date on which it expires or (iv) such patent is invalid, unenforceable, or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. The fourth certification described above is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA or 505(b)(2) application refers. The applicant may also elect to submit a “section viii” statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent. This section viii statement does not require notice to the patent holder or NDA owner. There might also be no relevant patent certification.

If the reference NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the ANDA until the earlier of 30 months from the receipt of the paragraph IV certification, expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the applicant. Even if the 45 days expire, a patent infringement lawsuit can be brought and could delay market entry, but it would not extend the FDA-related 30-month stay of approval.

The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired as described above.

Post-Approval Requirements

Following approval of a new product, the manufacturer and the approved product are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims and some manufacturing and supplier changes, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for marketed products and the establishments where such products are manufactured, as well as new application fees for certain supplemental applications. The FDA may impose a number of post-approval requirements as a condition of approval of an NDA, such as Phase 4 clinical trials or a REMS.

In addition, entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and such state agencies for compliance with current GMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from current GMP requirements and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain current GMP compliance.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Corrective action could delay product distribution and require significant time and financial expenditures. Later discovery of previously unknown safety issues with a product, including adverse events of unanticipated severity or frequency, may result in revisions to the approved

labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include:

- restrictions on the marketing or manufacturing of the product, suspension of the approval, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or other enforcement-related letters of clinical holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- injunctions or the imposition of civil or criminal penalties; and
- consent decrees, corporate integrity agreements, debarment, or exclusion from federal healthcare programs.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications, in accordance with the provisions of the approved label and FDA guidance. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Additionally, all promotional material must be truthful and non-misleading, and present balanced information regarding the risks and benefits of the drug product.

Review and Approval of New Drug Products in the European Union

In the European Union, medicinal products are subject to extensive pre- and post-market regulation by regulatory authorities at both the European Union and national levels. There may be local legislation in various European Union Member States, which may be more restrictive than the European Union legislation, and we would need to comply with such legislation to the extent it applies.

Clinical Trials

Clinical trials of medicinal products in the European Union must be conducted in accordance with European Union and national regulations and the International Conference on Harmonization, or ICH, guidelines on GCPs. The sponsor must take out a clinical trial insurance policy, and in most European Union countries, the sponsor is liable to provide “no fault” compensation to any study subject injured in the clinical trial.

Prior to commencing a clinical trial, the sponsor must obtain a clinical trial authorization from the competent authority, and a positive opinion from an independent EC. The application for a clinical trial authorization must include, among other things, a copy of the trial protocol and an investigational medicinal product dossier containing information about the manufacture and quality of the medicinal product under investigation. Currently, clinical trial authorization applications must be submitted to the competent authority in each EU Member State in which the trial will be conducted.

Under the new Regulation on Clinical Trials, which is currently expected to take effect in 2019, there will be a centralized application procedure where one national authority takes the lead in reviewing the application and the other national authorities have only a limited involvement. Any substantial changes to the trial protocol or other information submitted with the CTAs must be notified to or approved by the relevant competent authorities and ECs. Medicines used in clinical trials must be manufactured in accordance with cGMP. Other national and European Union-wide regulatory requirements also apply.

During the development of a medicinal product, the EMA and national medicines regulators within the European Union provide the opportunity for dialogue and guidance on the development program. At the EMA level, this is usually done in the form of scientific advice, which is given by the Scientific Advice Working Party of the Committee for Medicinal Products for Human Use, or CHMP. Advice from the EMA is typically provided based on questions concerning, for example, quality (chemistry, manufacturing and controls testing), nonclinical testing and clinical studies, and pharmacovigilance plans and risk-management programs. Given the current stage of the development of our product candidates, we have not yet sought any such advice from the EMA. However, to the extent that we do obtain such scientific advice in the future, such advice will, in accordance with the EMA's policy, not be legally binding on the EMA and the European Commission, and the European Commission may still not approve any future marketing authorization application, or MAA, of the product concerned even if we followed the scientific advice received by the CHMP.

Marketing Authorizations

In order to market a new medicinal product in the European Union, a company must submit and obtain approval from regulators of a MAA. The process for doing this depends, among other things, on the nature of the medicinal product.

The centralized procedure results in a single marketing authorization, or MA, granted by the European Commission that is valid across the EEA (*i.e.*, the European Union as well as Iceland, Liechtenstein and Norway). The centralized procedure is compulsory for medicinal products for human use that are: (i) derived from certain biotechnology processes, such as genetic engineering, (ii) contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative diseases, autoimmune and other immune dysfunctions and viral diseases, (iii) officially designated orphan medicines and (iv) advanced-therapy medicines, such as gene therapy, somatic cell therapy or tissue-engineered medicines. The centralized procedure may at the request of the applicant also be used in certain other cases.

Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of an MAA by the EMA is 210 days. This excludes so-called clock stops, during which additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. At the end of the review period, the CHMP provides an opinion to the European Commission. If this opinion is favorable, the Commission may then adopt a decision to grant an MA. In exceptional cases, the CHMP might perform an accelerated review of an MAA in no more than 150 days. This is usually when the product is of major interest from the point of view of public health and, in particular, from the viewpoint of therapeutic innovation.

The European Commission may grant a so-called "conditional marketing authorization" prior to obtaining the comprehensive clinical data required for an application for a full marketing authorization. Such conditional marketing authorizations may be granted for product candidates (including medicines designated as orphan medicinal products), if (i) the risk-benefit balance of the product candidate is positive, (ii) it is likely that the applicant will be in a position to provide the required comprehensive clinical trial data, (iii) the product fulfills an unmet medical need and (iv) the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required. A conditional marketing authorization may contain specific obligations to be fulfilled by the marketing authorization holder, including obligations with respect to the completion of ongoing or new studies, and with respect to the collection of pharmacovigilance data. Conditional marketing authorizations are valid for one year, and may be renewed annually, if the risk-benefit balance remains positive, and after an assessment of the need for additional or modified conditions and/or specific obligations. The timelines for the centralized procedure described above also apply with respect to the review by the CHMP of applications for a conditional marketing authorization.

Data Exclusivity

Marketing authorization applications for generic medicinal products do not need to include the results of preclinical and clinical trials, but instead can refer to the data included in the marketing authorization of a reference product for which regulatory data exclusivity has expired. If a marketing authorization is granted for a medicinal product containing a new active substance, that product benefits from eight years of data exclusivity, during which generic MAAs referring to the data of that product may not be accepted by the regulatory authorities, and a further two years of market exclusivity, during which such generic products may not be placed on the market. The two-year period may be extended to three years if during the first eight years a new therapeutic indication with significant clinical benefit over existing therapies is approved.

Pediatric Development

In the European Union, companies developing a new medicinal product must agree to a Paediatric Investigation Plan, or PIP, with the EMA and must conduct pediatric clinical trials in accordance with that PIP, unless a deferral or waiver applies, (*e.g.*, because the relevant disease or condition occurs only in adults). The MAA for the product must include the results of pediatric clinical trials conducted in accordance with the PIP, unless a waiver applies, or a deferral has been granted, in which case the pediatric clinical trials must be completed at a later date. Where the MAA includes the results of all pediatric studies conducted in accordance with the PIP and the results are reflected in the approved summary of product characteristics, the holder of a patent or supplementary protection certificate is entitled to receive a six month extension of the protection under a supplementary protection certificate or, in the case of orphan medicinal products, the product is eligible for a two year extension of the orphan market exclusivity. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

Post-Approval Controls

The holder of a marketing authorization must establish and maintain a pharmacovigilance system and appoint an individual qualified person for pharmacovigilance, or QPPV, who is responsible for oversight of that system. Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic safety update reports, or PSURs.

All new MAAs must include a risk management plan, or RMP, describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the marketing authorization. Such risk-minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies. RMPs and PSURs are routinely available to third parties requesting access, subject to limited redactions. All advertising and promotional activities for the product must be consistent with the approved summary of product characteristics, and therefore all off-label promotion is prohibited.

Direct-to-consumer advertising of prescription medicines is also prohibited in the European Union. Although general requirements for advertising and promotion of medicinal products are established under EU directives, the details are governed by regulations in each EU Member State and can differ from one country to another.

Pricing and Reimbursement in the European Union

Governments influence the price of medicinal products in the European Union through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems

under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies.

Other EU Member States allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription medicines, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

Brexit and the Regulatory Framework in the United Kingdom

On June 23, 2016, the electorate in the United Kingdom voted in favor of leaving the European Union (commonly referred to as “Brexit”). Thereafter, on March 29, 2017, the country formally notified the European Union of its intention to withdraw pursuant to Article 50 of the Treaty on European Union. The withdrawal of the United Kingdom from the European Union is expected to take effect on March 30, 2019. The EU and the UK are currently in the process of negotiating a withdrawal agreement, a draft of which includes a transition period until the end of 2020. It is uncertain if the negotiations will result in agreement and it is uncertain if a transition period will apply. The EMA is working under the assumption that the UK will become a third country as of March 30, 2019. Since the regulatory framework for pharmaceutical products in the United Kingdom covering quality, safety and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales and distribution of pharmaceutical products is derived from European Union directives and regulations, immediately following Brexit, it is expected that the United Kingdom’s regulatory regime will remain aligned to European regulations. It remains to be seen how, if at all, Brexit will impact regulatory requirements for product candidates and products in the United Kingdom. In the longer term, Brexit could materially impact the future regulatory regime which applies to products and the approval of product candidates in the United Kingdom.

Rest of World Regulation

For other countries outside of the United States and the European Union, such as China and Japan, the requirements governing clinical trials, marketing authorization, commercial sales and distribution of our products vary from jurisdiction to jurisdiction. Although many of the issues discussed above with respect to the United States and the European Union apply similarly in the context other geographies, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Other Healthcare Laws and Regulations

In addition to FDA restrictions on the marketing of pharmaceutical products, other U.S. federal and state healthcare regulatory laws restrict business practices in the pharmaceutical industry. These laws include, but are not limited to the following:

- The federal Anti-Kickback Statute prohibits, among other things, any person or entity from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federally funded healthcare programs, such as Medicare and Medicaid. The term

“remuneration” has been broadly interpreted to include anything of value. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, formulary managers and beneficiaries on the other hand. The majority of states also have anti-kickback laws, which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers, or to self-pay patients;

- The federal civil and criminal false claims laws, including, without limitation, the federal civil monetary penalties law and the civil False Claims Act, prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, false or fraudulent claims for payment of federal funds and knowingly making, or causing to be made, a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government. Violations of the civil False Claims Act can result in very significant monetary penalties and treble damages. Many states also have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of payor;
- HIPAA, imposes criminal liability for executing or attempting to execute a scheme to defraud any healthcare benefit program and creates federal criminal laws that prohibit knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- The federal transparency requirements under the Physician Payments Sunshine Act require certain manufacturers of drugs, devices, biologics and medical supplies reimbursed under Medicare, Medicaid, or the Children’s Health Insurance Program to report information related to payments and other transfers of value provided to physicians and teaching hospitals and physician ownership and investment interests. Failure to submit timely, accurately and completely the required information may result in civil monetary penalties;
- Data privacy and security regulation by both the federal government and the states in which we conduct business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, including the Final HIPAA Omnibus Rule published on January 25, 2013, impose specified requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts; and
- The FCPA prohibits any United States individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations. Activities that violate the FCPA, even if they occur wholly outside the United States, can result in criminal and civil fines, imprisonment, disgorgement, oversight and debarment from government contracts.

We will be required to spend substantial time and money to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations. Recent healthcare reform legislation has strengthened these federal and state healthcare laws. For example, the Affordable Care

Act amends the intent requirement of the federal Anti-Kickback Statute and criminal healthcare fraud statutes to clarify that liability under these statutes does not require a person or entity to have actual knowledge of the statutes or a specific intent to violate them. Moreover, the Affordable Care Act provides that the government may assert that a claim that includes items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws.

Violations of these laws can subject us to criminal, civil and administrative sanctions including monetary penalties, damages, fines, disgorgement, individual imprisonment and exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and reputational harm, and we may be required to curtail or restructure our operations.

Coverage, Reimbursement and Pricing in the United States

Significant uncertainty exists as to the coverage and reimbursement status of any products for which we obtain regulatory approval. The United States government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded drug and biologic products. In the United States and markets in other countries, patients who are prescribed products generally rely on third-party payors to reimburse all or part of the associated healthcare costs. If approved, sales of our product candidates will depend, in part, on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government authorities, managed care plans, private health insurers and other organizations.

In the United States, the process for determining whether a third-party payor will provide coverage for a drug product typically is separate from the process for setting the price of such product or for establishing the reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the FDA-approved products for a particular indication, or place products at certain formulary levels that result in lower reimbursement levels and higher cost-sharing obligation imposed on patients. A decision by a third-party payor not to cover our product candidates could reduce physician utilization of a product. Moreover, a third-party payor may not provide adequate third-party reimbursement to enable a manufacturer to maintain price levels sufficient to realize an appropriate return on its investment in product development. Additionally, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process usually requires manufacturers to provide scientific and clinical support for the use of their products to each payor separately and is a time-consuming process.

An increasing emphasis on cost containment measures in the United States will likely increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future. Third-party payors are increasingly challenging the prices charged for medical products and services, examining the medical necessity and reviewing the cost-effectiveness of pharmaceutical products, in addition to questioning safety and efficacy. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover that product after FDA approval or, if they do, the level of payment may not be sufficient to allow a manufacturer to sell its product at a profit.

In addition, in many foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. The downward pressure on healthcare costs in general, particularly prescription products, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross border imports from low-priced markets exert a commercial pressure on pricing within a country.

Health Care Reform

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. For example, in December 2016, the 21st Century Cures Act, or Cures Act, was signed into law. The Cures Act, among other things, is intended to modernize the regulation of drugs and devices and to spur innovation, but its ultimate implementation is uncertain. In addition, in August 2017, the FDA Reauthorization Act was signed into law, which reauthorized the FDA's user fee programs and included additional drug and device provisions that build on the Cures Act.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medical products and services, implementing reductions in Medicare and other healthcare funding and applying new payment methodologies. For example, the Affordable Care Act, among other things, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program; introduced a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected; extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care plans; imposed mandatory discounts for certain Medicare Part D beneficiaries as a condition for manufacturers' outpatient drugs coverage under Medicare Part D; subjected drug manufacturers to new annual fees based on pharmaceutical companies' share of sales to federal healthcare programs; imposed a new federal excise tax on the sale of certain medical devices; created a new Patient Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and established a Center for Medicare Innovation at the CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the Affordable Care Act, and we expect there will be additional challenges and amendments to the Affordable Care Act in the future. In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act to reduce healthcare expenditures. These changes include the Budget Control Act of 2011, which, among other things, included aggregate reductions of Medicare payments to providers of 2% per fiscal year and that will remain in effect through 2025 unless additional action is taken by Congress; and the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. More recently, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for pharmaceutical and biologic products. Individual states in the United States have become increasingly active in passing legislation and implementing regulations designed to control biotechnology and pharmaceutical product pricing and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services.

Competition

The biopharmaceutical industry is highly competitive within and across therapeutic categories and indications. There are many public and private biopharmaceutical companies, universities, government agencies and other research organizations actively engaged in the research and development of products that may be similar to our product candidates or address similar markets. In addition, the number of companies seeking to develop and commercialize products and therapies competing with our product candidates is likely to increase. However, we seek to build our portfolio with key differentiating attributes to provide a competitive advantage in the markets we target. The success of all of our product candidates, if approved, is likely to be a result of their efficacy, safety, convenience, price, the level of generic competition and the availability of reimbursement from government and other third-party payors.

The sGC stimulator class of compounds has one major participant besides us. Bayer/Merck have an active collaboration on sGC modulators and may be targeting some of the same indications through a similar mechanism of action. They have one approved sGC stimulator, ADEMPAS® (riociguat), indicated for PAH and CTEPH, and an investigational sGC stimulator, vericiguat, in clinical development for heart failure. In addition, they have three sGC activator programs in early clinical development for chronic kidney disease, pulmonary hypertension, and acute respiratory distress syndrome.

Many of our competitors stated below may have greater financial resources and broader expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved medicines than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. These competitors also compete with us in establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Olinciguat

In SCD, there are two approved products indicated to treat acute complications, such as painful crises, hydroxyurea (DROXIA® or SIKLOS®, as well as other generic forms) and ENDARI®, an amino acid l-glutamine. We are aware of the following companies engaged in the clinical development of products for the chronic treatment of SCD: Novartis, which is developing crizanlizumab (Phase 2/3), an IV-infusion anti-P-selectin monoclonal antibody; Global Blood Therapeutics, which is developing voxelotor (Phase 3), a hemoglobin modulator; AstraZeneca, which is developing ticagrelor (Phase 3), a P2Y12 platelet inhibitor in pediatric and adolescent patients; Micelle BioPharma, which is developing Altemia (Phase 3), a mixture of fatty acids; Novartis, which is developing ILARIS® (canakinumab) (Phase 2), a fully human monoclonal anti-human interleukin-1 β antibody; Imara, which is developing IMR-687 (Phase 2), a phosphodiesterase-9 inhibitor, or PDE9i; and Pfizer, which is developing PF-04447943 (Phase 1/2), a PDE9i. We are also aware of the following companies engaged in the clinical development of products for acute treatments in SCD: Pfizer, which is developing rivipansel (Phase 3), a pan-selectin inhibitor; Prolong Pharmaceuticals, which is developing Sanguinate (Phase 2), a PEGylated hemoglobin; and Modus Therapeutics, which is developing sevuparin (Phase 2), a cell

adhesion molecule inhibitor. We may also face competition from one-time treatments such as HSCT, gene editing and gene therapy. We are aware of the following companies engaged in the clinical development of one-time treatments: bluebird bio is currently conducting a Phase 2 study with their product, LentiGlobin[®], for patients with severe SCD; and CRISPR Therapeutics/Vertex Pharmaceuticals is conducting a Phase 1/2 study with their product, CTX-001.

Praliciguat

We are not aware of any therapies approved by the FDA or EMA for the treatment of HFpEF. We are aware of the following companies engaged in the clinical development of products for the treatment of HFpEF: Novartis is currently engaged in a Phase 3 program assessing ENTRESTO[®] a fixed-dose combination of sacubitril, a neprilysin inhibitor and valsartan, an angiotensin II receptor blocker, for the treatment of HFpEF. ENTRESTO is currently approved for HFrEF and it is possible that it is or will be used off-label in patients with HFpEF. Eli Lilly and Boehringer Ingelheim are currently conducting a Phase 3 program in HFpEF with JARDIANCE[®], a sodium-glucose co-transporter-2 inhibitor or SGLT2 inhibitor. JARDIANCE is currently approved as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus. AstraZeneca is currently conducting a Phase 3 program in HFpEF with FARXIGA[®], a SGLT2 inhibitor. FARXIGA is currently approved as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus. AstraZeneca is also conducting a Phase 2 trial in HFpEF with AZD4831, a myeloperoxidase modulator. Bayer and Merck are currently conducting a large Phase 2 study with vericiguat, an sGC stimulator, assessing health-related quality of life in patients with HFpEF. Bayer and Merck have previously completed a smaller Phase 2 study with vericiguat in patients with HFpEF in which they observed improvement in disease-specific health status.

There are three approved products in the United States to treat DN, none of which have demonstrated a cessation of disease progression:

AVAPRO[®] (irbesartan), an angiotensin II receptor antagonist, indicated to reduce the rate of progression of nephropathy in patients with type 2 diabetes and hypertension. CAPOTEN[®] (captopril), angiotensin I converting enzyme inhibitor, indicated to reduce the rate of progression in patients with Type 1 insulin-dependent diabetes mellitus and retinopathy. COZAAR[®] (losartan), an angiotensin II receptor blocker, indicated to treat DN in patients with type 2 diabetes mellitus and a history of hypertension. We are aware of the following companies engaged in the clinical development of products for the treatment of DN:

AstraZeneca has a Phase 3 study ongoing with FARXIGA[®], an SGLT2 inhibitor, assessing renal outcomes and cardiovascular mortality in patients with chronic kidney disease. Eli Lilly and Boehringer Ingelheim are currently conducting a Phase 3 program in DN with JARDIANCE. Janssen has an ongoing Phase 3 program assessing INVOKANA[®], a SGLT2 inhibitor, in patients with DN. In July 2018, Janssen announced that they would be stopping the Phase 3 CREDENCE study early based on positive efficacy findings based on a recommendation from the study's Independent Data Monitoring Committee. INVOKANA is currently approved as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus. Bayer has a Phase 3 program ongoing for the investigational product finerenone, a mineralocorticoid receptor antagonist, assessing its effect in patients with DN.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize medicines that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any medicines that we may develop. Our competitors also may obtain FDA or other regulatory approval for their medicines more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able

to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third-party payors seeking to encourage the use of generic medicines.

Manufacturing

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We depend on third-party CMOs for all of our requirements of raw materials, drug substance and drug product for our ongoing clinical trials of praliguat, olinciguat and IW-6463 and our non-clinical research. We intend to continue to rely on CMOs for the supply of praliguat, olinciguat and IW-6463 for all stages of clinical development and commercialization, as well as for the supply of any other product candidates that we may identify. We require all of our CMOs to conduct manufacturing activities in compliance with current GMP requirements.

We believe the manufacture of praliguat, olinciguat and IW-6463 drug substance and drug product is from readily available raw materials and the processes are amenable to large-scale production and do not require unusual equipment or handling. We believe adequate supply of praliguat, olinciguat and IW-6463 drug substance and drug product is readily available from our current CMOs to satisfy our immediate clinical and non-clinical demands. We obtain our supplies from these CMOs on a purchase order basis and do not have arrangements in place for long-term supply or redundant supply of praliguat, olinciguat or IW-6463; however, we are working with our CMOs to implement improvements to our drug substance and drug product manufacturing processes to further ensure product capacity adequate to meet further development and commercial demands.

Facilities

Following the separation, we plan to occupy approximately 116,000 rentable square feet of office and laboratory space in Cambridge, Massachusetts, comprising a portion of the facilities currently occupied by Ironwood. While a portion of such space is being altered for our use, we intend to sublease another portion as temporary swing space from Ironwood. We are negotiating with the Landlord to enter into a direct lease for our office and lab space. If we were to enter into a direct lease with the Landlord, we expect that this lease would expire in June 2029. If we are unable to finalize a direct lease with the Landlord by the time of the separation or if we reach an agreement with the Landlord prior to the separation but the direct lease has not been effectuated because required third-party consents are outstanding, we and Ironwood plan to enter into a sublease for this office and lab space. We expect that such a sublease would expire when the direct lease is effectuated, or, if no direct lease is entered into, at the end of Ironwood's current lease, which ends in January 2025. We believe these facilities will be suitable and adequate for our needs for the near term.

Employees

Following the separation, we expect to have approximately 140 employees, 57 of whom hold M.D. or Ph.D. degrees. Approximately 35 employees are expected to be in discovery research, 59 in our drug development organization, 11 in our strategy and corporate development organizations and 35 in general and administrative functions. None of our employees are expected to be subject to a collective bargaining agreement or represented by a trade or labor union. We consider our employee relations to be good.

Legal Proceedings

We are not a party to any material legal proceedings at this time. From time to time, we may be subject to various legal proceedings and claims, which may have a material adverse effect on our financial position or results of operations.

MANAGEMENT

Directors and Executive Officers

The following table sets forth the names and ages, as of February 28, 2019, and titles of the individuals we currently expect to serve as our executive officers and members of our board of directors at the time of the separation. Certain biographical information with respect to those executive officers and directors follows the table.

| Name | Age | Position |
|-----------------------|-----|--------------------------------------|
| Peter M. Hecht, Ph.D. | 55 | Chief Executive Officer and Director |
| Mark G. Currie | 64 | President |
| William Huyett | 63 | Chief Financial Officer |
| Kevin Churchwell | 57 | Director |
| George Conrades | 80 | Director |
| Marsha Fanucci | 65 | Director |
| Ole Isacson | 59 | Director |
| Stephanie Lovell | 59 | Director |
| Terrance McGuire | 62 | Director |
| Michael Mendelsohn | 63 | Director |
| Amy Schulman | 58 | Director |

Executive Officers

Peter M. Hecht, Ph.D. will serve as our chief executive officer and a member of our board of directors upon completion of this separation. Dr. Hecht currently serves as Ironwood's chief executive officer and has been a member of its board of directors since its founding in 1998. Under Dr. Hecht's leadership, Ironwood grew 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 the founder of a commercial biotechnology company and his tenure as its chief executive officer and a board member make him a valuable member of our board of directors.

Mark G. Currie will serve as our President upon completion of this separation. Dr. Currie currently serves as Ironwood's senior vice president, chief scientific officer and president of research and development and has held these positions since 2002. Prior to joining Ironwood, Dr. Currie directed cardiovascular and CNS disease research as vice president of discovery research at Sepracor Inc. Previously, Dr. Currie initiated, built and led discovery pharmacology and also served as director of arthritis and inflammation at Monsanto Company. Dr. Currie earned a B.S. in biology from the University of South Alabama and holds a Ph.D. in cell biology from the Bowman-Gray School of Medicine of Wake Forest University.

William Huyett will serve as our chief financial officer upon completion of this separation. Mr. Huyett currently serves as Ironwood's chief operating officer and has held the position since December 2017. Mr. Huyett previously spent 30 years with McKinsey and Company, Inc., in its Washington D.C., Zurich, and Boston offices. During his tenure at McKinsey, Mr. Huyett served clients in the life sciences, industrial and other technology-intensive sectors. He has been a Senior Partner Emeritus at McKinsey since December 2015, and was previously a Senior Partner from July 1998 to December 2015. As a Senior Partner, Mr. Huyett was a leader in the firm's pharmaceutical and medical products and its strategy and corporate finance practices. He also served on McKinsey's Shareholder's Council (its board of directors), serving as chair of its Finance Committee. Prior to joining McKinsey,

Mr. Huyett held a variety of line management positions in the automation industry with Allen-Bradley (now Rockwell Automation, Inc.). Mr. Huyett is non-executive Chair of the board of directors of the London Stock Exchange-listed Georgia Healthcare Group PLC and an independent Director of the LSE-listed Georgia Capital. He serves on several not-for-profit boards, including The Rockefeller University and the Marine Biological Laboratory in Woods Hole. He earned his B.S. in electronics engineering and his M.B.A. from the University of Virginia.

Non-management Directors

We expect to appoint the following non-management directors to serve on our board of directors upon completion of the separation:

Kevin Churchwell will serve as a member of our board of directors upon completion of this separation. Dr. Churchwell has been the President of Boston Children's Hospital since September of 2018, and executive vice president of health affairs and chief operating officer at Boston Children's Hospital since August of 2013. Before joining Boston Children's Hospital, Dr. Churchwell was the chief executive officer of Nemours/Alfred I. duPont Hospital for Children from November 2010 to July 2013. Prior to that, Dr. Churchwell was the chief executive officer and executive director for the Monroe Carrell Jr. Children's Hospital, part of the Vanderbilt University Medical Center, from July 2007 to October 2010. Since 1993, Dr. Churchwell has been a clinician and faculty member at Boston Children's Hospital, Vanderbilt University Medical Center and was recently appointed the Robert and Dana Smith Associate Professor of Anesthesia at Harvard Medical School.

Dr. Churchwell graduated with a B.S. in Biology from the Massachusetts Institute of Technology and received his M.D. from Vanderbilt Medical School. We believe that Dr. Churchwell's vast experience as a clinician, researcher, hospital executive and administrator provides important and valuable perspective to our board of directors in designing and implementing patient treatments.

George Conrades will serve as a member of our board of directors upon completion of this separation. Mr. Conrades has served as an executive advisor to Akamai Technologies, Inc., or Akamai, since June 2018. Previously, Mr. Conrades was the chairman of Akamai from August 2010 until March 2018, and executive chairman from 2005 to 2010. Mr. Conrades was both chairman and chief executive officer of Akamai from 1999 to 2005 and served as a director from 1998 to March 2018. Mr. Conrades has been a managing partner at Longfellow Venture Partners since July 2009, and was a venture partner of Polaris Venture Partners from 1998 to 2012, where he is now partner emeritus. From 1997 to 1998, Mr. Conrades served as executive vice president of GTE and president of GTE Intemetworking. Mr. Conrades served as chief executive officer of BBN Corporation from 1994 until its acquisition by GTE Intemetworking in 1997. Prior to joining BBN Corporation, Mr. Conrades was a senior vice president at International Business Machines Corporation, or IBM, and a member of IBM's corporate management board. Mr. Conrades has served as a director of Oracle Corporation since 2008 and was a director of Harley Davidson, Inc. from 2002 to April 2016. Mr. Conrades previously served as a director of Ironwood from 2005 until April 2016. Additionally, Mr. Conrades currently serves as life trustee on the board of Ohio Wesleyan University.

Mr. Conrades received a B.A. in physics and math from Ohio Wesleyan University and an M.B.A. from the University of Chicago. Mr. Conrades' experience as chief executive officer of two public companies and as division president at two additional high technology companies, coupled with his past and present directorships and trusteeships, make him an important member of our board of directors, particularly with respect to our corporate governance, growth strategy and business plans.

Marsha Fanucci currently serves as a member of the Ironwood board of directors and, upon the completion of the separation, will step down from the Ironwood board and will join our board of directors. 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.

In addition to the Ironwood board, Ms. Fanucci serves on the board of directors of Alnylam Pharmaceuticals, Inc. and Syros Pharmaceuticals, Inc. Previously, she 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 Ironwood, 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.

Ole Isacson will serve as a member of our board of directors upon completion of this separation. Dr. Isacson has been professor of neurology and neuroscience at Harvard Medical School since 2002. Prior to his current role, Dr. Isacson served in a number of academic roles at Harvard Medical School. Since its founding in 2005, Dr. Isacson has been principal faculty of the Harvard Stem Cell Institute and is the founding director of the Neuroregeneration Institute at McLean Hospital, where he has served as a director since 2010. From September 2016 to May 2017, Dr. Isacson was the chief scientific officer and senior vice president for Pfizer Inc.'s Neuroscience and Pain Worldwide R&D division.

Dr. Isacson received his Medical Bachelor and Doctor of Medicine degrees from the University of Lund in Sweden. Dr. Isacson brings significant medical and scientific insight to our board of directors, as well as experience leading the R&D function of a multinational biopharmaceutical company.

Stephanie Lovell will serve as a member of our board of directors upon completion of this separation. Ms. Lovell has served as the executive vice president, Medicare and chief legal officer for Blue Cross Blue Shield of Massachusetts, Inc., or BCBSMA, since July 2015. Ms. Lovell previously served as the senior vice president and general counsel of BCBSMA from December 2011 to July 2015. Prior to BCBSMA, Ms. Lovell was the senior vice president of administration and general counsel for Boston Medical Center from March 2007 to December 2011. She also previously served as the first assistant attorney general in the Massachusetts Office of the Attorney General and as the executive director for the Massachusetts State Ethics Commission. Ms. Lovell currently serves as a director of the New England Law Foundation and The Partnership, Inc., and as a trustee of the Massachusetts Taxpayers Foundation. She also chairs the grants committee of the Boston Bar Foundation and is a member of the investment committee of Goodwill Industries of Massachusetts.

Ms. Lovell received a B.A. in philosophy from Hamilton College and a J.D. from Boston University School of Law. Ms. Lovell brings to our board of directors invaluable experience in the healthcare payer and reimbursement markets, as well as government and regulatory affairs, providing important perspective and insight to our board of directors.

Terrance McGuire currently serves as a member of the Ironwood board of directors and, upon the completion of the separation, will step down from the Ironwood board and will join our board of directors. 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. In addition to the Ironwood board, he serves on the board of directors of Arsanis, Inc. and Pulmatrix, Inc. and several private companies. Previously, he 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.

Michael Mendelsohn will serve as a member of our board of directors upon completion of this separation. Dr. Mendelsohn has been the executive chairman and president of Cardurion Pharmaceuticals since May 2016 and is the president of the Mendelsohn Consulting Group LLC, which he formed September 4, 2013. Since April, 2015, Dr. Mendelsohn has been a senior advisor and consultant to the chief medical and scientific officer of Takeda Pharmaceutical Co. Ltd. and, since December, 2014, has served as senior advisor and consultant and a member of the pharmaceuticals advisor committee for the chief scientific officer and president of R&D at Ironwood. Dr. Mendelsohn was previously on the board of directors of Regado Biosciences Inc. from November 2013 through May 2015. From May 2014 until July 2017, Dr. Mendelsohn was a venture partner for SV Health Investors. Prior to that, Dr. Mendelsohn was the senior vice president and global head of cardiovascular research at Merck Research Laboratories from June 2010 to November 2013. Between 1993 and 2010, Dr. Mendelsohn served in various roles at Tufts Medical Center and Tufts University School of Medicine, including as founder and executive director of the Molecular Cardiology Research Institute and as chief scientific officer from 2008 to 2010. Previously, Dr. Mendelsohn was a member of the cardiovascular faculty at Brigham and Women's Hospital and Harvard Medical School. Dr. Mendelsohn serves as a director of Foghorn Therapeutics, Inc.

Dr. Mendelsohn received a B.A. in chemistry and English from Amherst College and a M.D. from Harvard Medical School. Dr. Mendelsohn brings extensive experience to our board of directors as a clinician and scientist, along with his insights as a consultant to lead researchers for multinational biopharmaceutical companies.

Amy Schulman currently serves as a member of the Ironwood board of directors and, upon the completion of the separation, will step down from the Ironwood board and will join our board of directors. 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.

In addition to the Ironwood board, Ms. Schulman also serves as a director of Arsanis, Inc. and Alnylam Pharmaceuticals, Inc. Previously, she 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.

Board Composition and Independence

Our business and affairs are managed under the direction of our board of directors. Upon completion of the separation, our board of directors consists of nine members. Our directors hold office until their successors have been elected and qualified or until their earlier death, resignation or removal. There are no family relationships among any of our directors or executive officers. It is anticipated that a majority of our board of directors will satisfy the independence standard established by the listing standards of Nasdaq Global Market as well as the corporate governance principles to be adopted by our board of directors.

Board Committees

Upon the completion of the separation, our board of directors will have three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee, each of which will operate pursuant to a charter to be adopted by our board of directors.

Audit Committee

The responsibilities of the Audit Committee will be more fully described in our Audit Committee Charter and are expected to include, among other duties:

- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements, earnings releases and related disclosures;
- reviewing and discussing with management and our independent registered public accounting firm our internal controls and internal auditing procedures, including any material weaknesses in either;
- discussing our accounting policies and all material correcting adjustments with our management and our independent registered public accounting firm;
- discussing with our management and our independent registered public accounting firm any significant risks facing the company and the related mitigation plans, as well as monitoring our internal control over financial reporting and disclosure controls and procedures;
- appointing, overseeing and approving the compensation for and, when necessary, terminating our independent registered public accounting firm;
- approving all audit services and all permitted non-audit, tax and other services to be performed by our independent registered public accounting firm, in each case, in accordance with the audit committee's pre-approval policy;
- discussing with the independent registered public accounting firm its independence and ensuring that it receives the written disclosures regarding these communications required by the Public Company Accounting Oversight Board;
- reviewing and approving all transactions or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds \$120,000 and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation 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.

Upon completion of the distribution, the Audit Committee will consist entirely of independent directors, and we intend that each will meet independence requirements set forth in the listing standards of the Nasdaq Global Market and Rule 10A under the Exchange Act. Each member of the Audit Committee will be financially literate and have accounting or related financial management expertise as such terms are interpreted by our board of directors in its business judgment. Additionally, upon completion of the distribution, at least one member of the Audit Committee will be an “audit committee financial expert” under SEC rules and the Nasdaq Global Market listing standards applicable to audit committees. The initial members of the Audit Committee will be determined prior to the completion of the distribution.

Compensation Committee

The responsibilities of the Compensation Committee will be more fully described in our Compensation Committee Charter and are expected to include, among other duties:

- 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 our chief executive officer’s performance;
- 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; and
- making recommendations to our board of directors with respect to management succession planning, including planning with respect to our chief executive officer.

Upon completion of the distribution, the Compensation Committee will consist entirely of independent directors, and we intend that each will meet the independence requirements set forth in the listing standards of the Nasdaq Global Market. We also intend the members of the Compensation Committee will qualify as “non-employee directors” (within the meaning of Rule 16b-3 of the Exchange Act) and “outside directors” (within the meaning of Section 162(m) of the Code). The initial members of the Compensation Committee will be determined prior to the completion of the distribution.

Nominating and Corporate Governance Committee

The responsibilities of the Nominating and Corporate Governance Committee will be more fully described in our Nominating and Corporate Governance Committee Charter and are expected to include, among other duties:

- 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;
- 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.

The Nominating & Corporate Governance Committee will consist entirely of independent directors, and we intend that each will meet the independence requirements set forth in the listing standards of the Nasdaq Global Market. The initial members of the Nominating & Corporate Governance Committee will be determined prior to the completion of the distribution.

Our board of directors may establish other committees from time to time.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2017, Cyclerion did not exist and did not have a compensation committee or any other committee serving a similar function. Prior to the separation, decisions as to the compensation of those who are expected to serve as our executive officers were made by the Ironwood Compensation and HR Committee.

Code of Business Conduct and Ethics

In connection with the separation and the distribution, our board of directors is expected to adopt corporate governance principles that set forth the responsibilities of the board of directors and the qualifications and independence of its members and the members of its standing committees. In addition, in connection with the separation and distribution, our board of directors is expected to adopt, among other codes and policies, a code of conduct setting forth standards applicable to all of our companies and our directors, officers and employees. The corporate governance principles and code of conduct will be available on Cyclerion's website at www.cyclerion.com. We expect that any amendment to the code, or any waivers of its requirements, will be disclosed on our website.

EXECUTIVE COMPENSATION

Executive Compensation

Overview

The following tables and discussion relate to the compensation paid to or earned by Peter M. Hecht, Ph.D., who currently serves as Chief Executive Officer of Ironwood and will serve as our Chief Executive Officer, and our two most highly compensated executive officers (other than Dr. Hecht) who were serving as executive officers of Ironwood on the last day of fiscal year 2018. They are Mark G. Currie, Ph.D., who currently serves as Senior Vice President, Chief Scientific Officer and President of R&D of Ironwood and will serve as our President, and William Huyett who currently serves as Chief Operating Officer of Ironwood and will serve as our Chief Financial Officer. Dr. Hecht, Dr. Currie and Mr. Huyett are referred to collectively in this information statement as our “named executive officers.”

Prior to the separation, the compensation of our named executive officers for their service to Ironwood was designed and determined by Ironwood and the Ironwood Compensation and HR Committee. Prior to the separation, the Ironwood Compensation and HR Committee may determine to adopt new or alternative compensation arrangements to attract and retain talented executives at Cycleron, and in connection with or following the separation, our Compensation Committee may adopt such compensation arrangements or adopt its own compensation arrangements to attract and retain talented executives. While we are currently in the process of determining the philosophy and design of our compensation plans and programs, we have determined the terms of our equity incentive plan, director compensation plan and executive severance agreements, each of which is described in this information statement. Cycleron does not have any agreements or arrangements in place with our named executive officers at this time.

Summary Compensation Table

The following table sets forth information about certain compensation awarded to, earned by or paid to our named executive officers under Ironwood’s compensation and benefit plans and programs during fiscal year 2018:

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) (1) | Stock Awards (\$) | Option Awards (\$) (2) | Nonequity Incentive Plan Compensation (\$) (3) | All Other Compensation (\$) (4) | Total (\$) |
|--|------|----------------|----------------------|-------------------------|---------------------------------|--|--|---------------|
| Peter M. Hecht, Ph.D., <i>Chief Executive Officer</i> | 2018 | 100,000 | 1,192,500 | — | 3,842,268 | — | 25,348 | 5,160,116 |
| Mark G. Currie, Ph.D., <i>President</i> | 2018 | 485,000 | — | 231,360 | 1,424,289 | 242,500 | 62,271 | 2,445,420 |
| William Huyett, <i>Chief Financial Officer</i> | 2018 | 465,000 | — | 1,090,298 | 2,346,469 | 232,500 | 8,040 | 4,142,307 |

- (1) Consists of a one-time discretionary bonus approved by the Ironwood Compensation and HR Committee in fiscal year 2019 for fiscal year 2018 performance.
- (2) Reflects the fair value of time-based restricted stock unit and stock option awards on the date of grant calculated in accordance with Financial Accounting Standards Board issued Accounting Standards Codification Topic 718, *Compensation—Stock Compensation*, or ASC 718. For a discussion of the policies used to determine assumptions used in the valuation of awards, see Note 14 to Ironwood’s consolidated financial statements for the year ended December 31, 2018 included in Ironwood’s Annual Report on Form 10-K that Ironwood filed with the SEC on February 25, 2019. All values reported exclude the effects of potential forfeitures.
- (3) Consists of payments made under Ironwood’s annual cash bonus program in fiscal year 2019 for fiscal year 2018 performance.

- (4) Drs. Hecht and Currie received one-time payments of \$17,308 and \$54,231, respectively, for accrued but unused sabbatical leave balances that were paid in 2018 upon the termination of Ironwood's company-wide sabbatical program. Additionally, for each named executive officer, \$6,000 of such amount consists of matching contributions made under the Ironwood 401(k) plan, as well as an amount attributable to a transportation stipend and a fitness stipend.

Chief Executive Officer Compensation

2018

Since 1998, when Dr. Hecht began serving as Ironwood's Chief Executive Officer, he has been paid an annual base salary of \$100,000 and has declined increases to his base salary each year. Dr. Hecht's compensation was reviewed and approved annually by the Ironwood Compensation and HR Committee. In January 2018, the Ironwood Compensation and HR Committee recommended an increase to Dr. Hecht's base salary to be market competitive with his peers, but Dr. Hecht declined to accept such increase.

In January 2018, Ironwood's Compensation and HR Committee recommended, and Dr. Hecht declined to accept, a cash bonus for Dr. Hecht based on Ironwood's achievement of 84% of its fiscal year 2017 corporate goals. Since co-founding Ironwood in 1998, Dr. Hecht has declined cash bonuses each year. Recognizing that Dr. Hecht's cash compensation is well below his market peers, the Ironwood Compensation and HR Committee granted Dr. Hecht stock options, in lieu of an increase to base salary and cash bonus, to keep his overall compensation competitive with that of his peers.

The Ironwood Compensation and HR Committee set the fiscal year 2018 equity pool based on Ironwood's achievement of its fiscal year 2017 corporate goals at 84% and then set individual award amounts based on peer group and market data, with adjustments for relative company performance and individual performance. Each of Ironwood's executive officers, including Dr. Hecht, was given the opportunity to choose from among the following mix for his or her fiscal year 2018 annual equity awards: 100% stock options, 75% stock options and 25% restricted stock units, or 50% stock options and 50% restricted stock units.

On February 21, 2018, Dr. Hecht was granted an annual equity award of 390,000 options to purchase shares of Ironwood common stock and 190,000 options to purchase shares of Ironwood common stock in lieu of a cash bonus or base salary increase. The stock options have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date and vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which was January 1, 2018.

2019

In January 2019, the Ironwood Compensation and HR Committee recommended an increase to Dr. Hecht's base salary to be market competitive with his peers, but Dr. Hecht declined to accept such increase.

The Ironwood Compensation and HR Committee set the fiscal year 2019 equity pool based on Ironwood's achievement of its fiscal year 2018 corporate goals at 100% and the price of Ironwood's common stock and then set individual award amounts based on peer group and market data, with adjustments for relative company performance and individual performance. Each of Ironwood's executive officers, including Dr. Hecht, was given the opportunity to choose from among the following mix for his or her fiscal year 2019 annual equity awards: 100% stock options, 75% stock options and 25% restricted stock units, or 50% stock options and 50% restricted stock units.

In recognition of Ironwood's achievement of 100% of its fiscal year 2018 corporate goals as well as recognizing that Dr. Hecht's cash compensation is well below his market peers, Ironwood's Compensation and HR Committee recommended an annual equity award of 1,000,000 options to purchase shares of Ironwood common stock and a cash bonus of \$1,192,500 in January 2019. While the

Ironwood Compensation and HR Committee has historically granted Dr. Hecht stock options, in lieu of an increase to base salary and cash bonus and to keep his overall compensation competitive with that of his peers, Dr. Hecht accepted a portion of his fiscal year 2018 bonus in the form of cash, rather than stock options, due to limitations on annual equity grants to individuals under Ironwood's equity incentive plans.

Dr. Hecht's stock options were awarded on January 29, 2019 and have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date and vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which was January 1, 2019.

Other Named Executive Officer Compensation

Base Salaries

At Ironwood, base salaries served to provide a stable source of income. They were determined at commencement of employment and were generally re-evaluated annually and adjusted, if warranted, to realign salaries with market levels and to reflect the performance of the executive officer.

In January 2018, the Ironwood Compensation and HR Committee reviewed and approved a \$15,000 increase in Dr. Currie's base salary from \$470,000 to \$485,000 in recognition of his meeting or exceeding all or substantially all of his individual performance goals in 2017. The Ironwood Compensation and HR Committee also took into account peer group and other market data provided by Pearl Meyer & Partners, LLC or PM, its compensation consultant. In December 2017, the Ironwood Compensation and HR Committee approved an initial base salary for Mr. Huyett of \$465,000, based on peer group and other market data provided by PM. Mr. Huyett did not receive an increase in base salary, due to the short period of time between his joining Ironwood on December 15, 2017 and the Ironwood Compensation and HR Committee's 2018 base salary reviews.

In January 2019, the Ironwood Compensation and HR Committee reviewed and approved a \$15,000 increase in Dr. Currie's base salary from \$485,000 to \$500,000 and a \$20,000 increase in Mr. Huyett's salary from \$465,000 to \$485,000 in recognition of each of Dr. Currie's and Mr. Huyett's meeting or exceeding all or substantially all of his individual performance goals in 2018. The Ironwood Compensation and HR Committee also took into account peer group and other market data provided by PM.

Bonuses

Dr. Currie received payments in 2018 under Ironwood's annual cash bonus program based on fiscal year 2017 performance. For fiscal year 2017, Dr. Currie had an individual bonus target at Ironwood of 50% of base salary. In January 2018, following the recommendations of Dr. Hecht, the Ironwood Compensation and HR Committee reviewed and approved a bonus of \$210,000 for Dr. Currie for fiscal year 2017 performance. 70% percent of Dr. Currie's fiscal year 2017 bonus amount was tied solely to Ironwood's achievement of 84% percent of its corporate goals, and 30% was tied to both Ironwood's achievement of corporate goals and Dr. Currie's achievement of his individual goals. Dr. Currie met or exceeded all or substantially all of his individual goals for fiscal year 2017.

Mr. Huyett was not eligible for a bonus in respect of fiscal year 2017 due to the substantial completion of fiscal year 2017 when he joined Ironwood. However, Mr. Huyett did receive a one-time cash bonus of \$50,000 in connection with his hiring in December 2017.

Each of Dr. Currie and Mr. Huyett received payments in 2019 under Ironwood's annual cash bonus program based on fiscal year 2018 performance. For fiscal year 2018, each of Dr. Currie and Mr. Huyett had an individual bonus target at Ironwood of 50% of base salary. In January 2019, following the recommendations of Dr. Hecht, the Ironwood Compensation and HR Committee

reviewed and approved a bonus of \$242,500 for Dr. Currie and \$232,500 for Mr. Huyett for fiscal year 2018 performance. 70% percent of each of Dr. Currie's and Mr. Huyett's fiscal year 2018 bonus amount was tied solely to Ironwood's achievement of 100% percent of its corporate goals, and 30% was tied to both Ironwood's achievement of corporate goals and the executive's achievement of his individual goals. Each of Dr. Currie and Mr. Huyett met or exceeded all or substantially all of his individual goals for fiscal year 2018.

Equity-Based Compensation

2018

Drs. Hecht and Currie were each granted an Ironwood annual equity award in fiscal year 2018. The Ironwood Compensation and HR Committee set the fiscal year 2018 equity pool based on Ironwood's achievement of its fiscal year 2017 corporate goals at 84% and then set individual award amounts based on peer group and market data, with adjustments for relative company performance and individual performance.

Each of Ironwood's executive officers, including Drs. Hecht and Currie, was given the opportunity to choose from among the following mix for his or her fiscal year 2018 annual equity awards: 100% stock options, 75% stock options and 25% restricted stock units, or 50% stock options and 50% restricted stock units.

On February 21, 2018, Dr. Currie was granted an annual equity award of 215,000 options to purchase shares of Ironwood common stock. The stock options have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date and vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which was January 1, 2018. In addition, on July 31, 2018, Dr. Currie was granted 12,000 restricted stock units for shares of Ironwood common stock in recognition of his service to Ironwood in connection with the separation. The restricted stock units will cliff vest in full on May 9, 2019.

Mr. Huyett was not eligible to receive an Ironwood annual equity award for fiscal year 2018 due to the substantial completion of fiscal year 2017 when he joined Ironwood and instead received an initial grant in early fiscal year 2018. On January 2, 2018, Mr. Huyett received an initial grant of 337,500 options and 56,250 restricted stock units, each for shares of Ironwood common stock. The stock options have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date. The stock options will vest over four years as to 25% of the shares on the first anniversary of Mr. Huyett's start date and as to 1/48th of the total shares each month thereafter for the next 36 months, and the restricted stock units will vest as to 25% of the award on each anniversary of the grant date. In addition, on July 31, 2018, Mr. Huyett was granted 12,000 restricted stock units for shares of Ironwood common stock in recognition of his service to Ironwood in connection with the separation. The restricted stock units will cliff vest in full on May 9, 2019.

2019

Each of our named executive officers was granted an Ironwood annual equity award in fiscal year 2019. The Ironwood Compensation and HR Committee set the fiscal year 2019 equity pool based on Ironwood's achievement of its fiscal year 2018 corporate goals at 100% and the price of Ironwood's common stock and then set individual award amounts based on peer group and market data, with adjustments for relative company performance and individual performance.

Each of Ironwood's executive officers, including the named executive officers, was given the opportunity to choose from among the following mix for his or her fiscal year 2019 annual equity awards: 100% stock options, 75% stock options and 25% restricted stock units, or 50% stock options and 50% restricted stock units.

On January 29, 2019, Dr. Currie was granted an annual equity award of 600,000 options to purchase shares of Ironwood common stock. The stock options have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date and vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which was January 1, 2019.

On January 29, 2019, Mr. Huyett was granted an annual equity award of 258,750 options to purchase shares of Ironwood common stock and 43,125 restricted stock units for shares of Ironwood common stock. The stock options have an exercise price equal to the fair market value of a share of Ironwood common stock on the grant date and vest over four years as to 1/48th of the award on each monthly anniversary of the vesting commencement date, which was January 1, 2019. The restricted stock units vest over four years as to 25% of the award on each anniversary of the vesting commencement date.

Employee Benefits

At Ironwood, our named executive officers were eligible to participate in Ironwood's broad-based health, welfare and fringe benefit plans. These plans include medical, dental, vision, basic and supplemental life, short-term and long-term disability insurance, flexible spending accounts, an employee assistance program, commuter benefits, a relocation program and transportation and fitness stipends. Our named executive officers were eligible to participate in these plans on the same basis as Ironwood's other eligible employees.

In connection with Ironwood's termination of its company-wide sabbatical program, employees, including Drs. Hecht and Currie, were paid out any accrued but unused sabbatical leave balances in fiscal year 2018.

In fiscal year 2018, our named executive officers participated in Ironwood's broad-based 401(k) plan, which provides a 75% matching company contribution on the first \$8,000 of an employee's annual contribution to the 401(k) plan. Ironwood does not sponsor or maintain any qualified or non-qualified defined benefit plans or supplemental executive retirement plans.

Other than Ironwood's broad-based benefits, or as otherwise described herein, none of our named executive officers received perquisites of any nature in fiscal year 2018.

Agreements with our Named Executive Officers

Each of Dr. Hecht, Dr. Currie and Mr. Huyett entered into a severance agreement with Ironwood that entitled him to receive certain benefits in the event of an involuntary termination without "cause" or a "constructive termination," including in the event of a "change of control termination" (each as defined in the agreement). We intend to enter into a severance agreement with each of Dr. Hecht, Dr. Currie and Mr. Huyett that is consistent in all material respects with the Ironwood severance agreement described below. Our severance agreement with each of Dr. Hecht, Dr. Currie and Mr. Huyett is expected to apply to any termination without cause, constructive termination or change of control termination occurring within six months following the effective date of such severance agreement.

Severance Benefits not in Connection with a Change of Control

Dr. Hecht. In the event of a termination without cause or a constructive termination not qualifying as a change of control termination, Dr. Hecht would have been entitled under his Ironwood severance agreement to receive (i) an amount equal to 18 months of his base salary for the year of termination; (ii) a pro rata amount of his target cash bonus for the year of termination (pro-rated based on the percentage of the year worked prior to the triggering event); (iii) an amount equal to his

actual bonus for the prior year if not yet paid; (iv) an additional amount equal to his full target cash bonus for the year of termination, multiplied by 1.5; (v) 18 months of subsidized COBRA benefits; and (vi) outplacement benefits.

In addition, Dr. Hecht's Ironwood severance agreement provided that any outstanding equity awards subject solely to time-based vesting would vest in (1) the portion of the equity award that would have vested had he remained employed for 24 months following the termination date and (2) an additional portion of the equity award that would have vested on the next regular vesting date after such 24-month period as if the equity award vested on a daily basis from the last regular award vesting date occurring prior to the end of the 24-month period through such next regular vesting date. Any equity awards that did not vest pursuant to the preceding sentence would have remained outstanding and eligible to vest upon the occurrence of a change of control termination (as defined below). Further, the exercisability of any outstanding vested stock options held by Dr. Hecht as of the termination date (including any vested options to purchase Cyclerion common stock granted in connection with the separation in substitution for or replacement of vested options to purchase Ironwood common stock) would have been extended for 36 months following the termination date (or, in the event that Ironwood publicly announced it was conducting negotiations leading to a change of control or entered into a definitive agreement that would have resulted in a change of control during such 36-month period, the later of (i) the expiration of the 36-month period or (ii) the first to occur of the date that is three months following the change of control and 30 days following the date on which Ironwood announced that such definitive agreement had been terminated or that Ironwood's efforts to consummate the change of control contemplated by the previously announced negotiations or by a previously executed definitive agreement had been abandoned).

Dr. Currie and Mr. Huyett. In the event of a termination without cause or a constructive termination not qualifying as a change of control termination, each of Dr. Currie and Mr. Huyett would have been entitled under their Ironwood severance agreements to receive (i) an amount equal to 12 months of his base salary for the year of termination, plus an amount equal to a maximum of six months of his base salary for any period beginning as of the first anniversary during which he had not secured new, reasonably similar full-time employment; (ii) a pro rata amount of his target cash bonus for the year of termination (pro rated based on the percentage of the year worked prior to the triggering event); (iii) an amount equal to his actual bonus for the prior year if not yet paid; (iv) an additional amount equal to his full target cash bonus for the year of termination; (v) 12 months of subsidized COBRA benefits, plus up to an additional six months of subsidized COBRA benefits for any period beginning as of the first anniversary during which he was not eligible to participate in the group medical plan of another employer; and (vi) outplacement benefits.

In addition, each of Drs. Currie's and Huyett's Ironwood severance agreements provided that any outstanding equity awards subject solely to time-based vesting would vest in (1) the portion of the equity award that would have vested if the named executive officer had remained employed for 18 months following the termination date and (2) an additional portion of the equity award that would have vested on the next regular vesting date after such 18-month period as if the equity award vested on a daily basis from the last regular award vesting date occurring prior to the end of the 18-month period through such next regular vesting date. Any equity awards that did not vest pursuant to the preceding sentence would have remained outstanding and eligible to vest upon the occurrence of a change of control termination (as defined below). Further, the exercisability of any outstanding vested stock options held by the named executive officer as of the termination date (including any vested options to purchase Cyclerion common stock granted in connection with the separation in substitution for or replacement of vested options to purchase Ironwood common stock) would have been extended for 24 months following the termination date (or, in the event that Ironwood publicly announced it was conducting negotiations leading to a change of control or entered into a definitive agreement that would have resulted in a change of control during such 24-month period, the later of (i) the expiration

of the 24 month period or (ii) the first to occur of the date that is three months following the change of control and 30 days following the date on which Ironwood announced that such definitive agreement had been terminated or that Ironwood's efforts to consummate the change of control contemplated by the previously announced negotiations or by a previously executed definitive agreement had been abandoned).

Change of Control Severance Benefits

Dr. Hecht. In the event of a change of control termination, in lieu of any benefits under Ironwood's broad-based change of control plan, Dr. Hecht would have been entitled to receive the following benefits under his Ironwood severance agreement: (i) a lump-sum payment in an amount equal to 24 months of base salary as of the time of termination; (ii) a pro rata amount of his target cash bonus for the year of termination (pro-rated based on the percentage of the year worked prior to the triggering event); (iii) an amount equal to his actual bonus for the prior year if not yet paid; (iv) an additional amount equal to his full target cash bonus for the year of termination, multiplied by 2.0; (v) 24 months of subsidized COBRA benefits; and (vi) outplacement benefits.

In addition, in the event of a change of control termination, Dr. Hecht's Ironwood severance agreement provided for acceleration of all outstanding equity awards subject solely to time-based vesting as of the later of (1) the termination date or (2) the change of control. Further, the exercisability of any outstanding vested stock options held by Dr. Hecht as of the termination date (including any vested options to purchase Cyclerion common stock granted in connection with the separation in substitution for or replacement of vested options to purchase Ironwood common stock) would have been extended for 36 months following the termination date (or, if later the date that was three months following the change of control).

Dr. Currie and Mr. Huyett. In the event of a change of control termination, in lieu of any benefits under Ironwood's broad-based change of control plan, each of Dr. Currie and Mr. Huyett would have been entitled to receive the following benefits under their Ironwood severance agreements: (i) a lump-sum payment in an amount equal to 18 months of base salary as of the time of termination; (ii) a pro rata amount of his target cash bonus for the year of termination (pro-rated based on the percentage of the year worked prior to the triggering event); (iii) an amount equal to his actual bonus for the prior year if not yet paid; (iv) an additional amount equal to his full target cash bonus for the year of termination, multiplied by 1.5; (v) 18 months of subsidized COBRA benefits; and (vi) outplacement benefits.

In addition, in the event of a change of control termination, each of Dr. Currie's and Mr. Huyett's Ironwood severance agreements provided for acceleration of all outstanding equity awards subject solely to time-based vesting as of the later of (1) the termination date or (2) the change of control. Further, the exercisability of any outstanding vested stock options held by the named executive officer as of the termination date (including any vested options to purchase Cyclerion common stock granted in connection with the separation in substitution for or replacement of vested options to purchase Ironwood common stock) would have been extended for 24 months following the termination date (or, if later the date that was three months following the change of control).

Under each of Drs. Hecht's and Currie's and Mr. Huyett's Ironwood severance agreements, a change of control termination consisted of an involuntary termination without "cause" or a "constructive termination" (each as defined in the agreement), in either event during the period commencing six months prior to the earlier of (1) the date that Ironwood first publicly announced it was conducting negotiations leading to a change of control, or (2) the date that Ironwood entered into a definitive agreement that would result in a change of control, and ending on the earlier of (i) the date on which Ironwood announced that the definitive agreement had been terminated or the negotiations had been abandoned or (ii) the date that was 24 months after the change of control.

Under each severance agreement, a change of control occurred when: (i) any person became, pursuant to a transaction or a series of transactions not approved by the Ironwood board, the beneficial owner, directly or indirectly, of Ironwood securities representing more than 50% of the total voting power; (ii) a merger or consolidation of Ironwood occurred, whether or not approved by the Ironwood board, which resulted in the holders of Ironwood's voting securities holding less than 50% of the combined voting power of the surviving entity immediately after such merger or consolidation; (iii) the sale or disposition of more than two-thirds of the assets of Ironwood; or (iv) the date a majority of members of the Ironwood board was replaced during any 12-month period by directors whose appointment or election was not endorsed by a majority of members of the Ironwood board before the date of the appointment or election.

The benefits described above for Dr. Hecht, Dr. Currie and Mr. Huyett were only payable if the executive officer complied with all of Ironwood's rules and policies, executed a separation agreement that included a release of claims and complied with his post-employment obligations of non-disclosure, non-competition and non-solicitation to Ironwood. The severance agreement further provided that in connection with the sale of all or substantially all of the assets of Ironwood, Ironwood would cause the acquirer of such assets to assume the arrangements.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding Ironwood equity awards held by our named executive officers as of December 31, 2018.

| Name | Option Awards | | | | Stock Awards | | |
|-----------------------|---|---|--|----------------------------|------------------------|--|---|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(1) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(2) |
| Peter M. Hecht, Ph.D | 110,000 | — | — | 4.89 | 2/11/2019(3) | — | — |
| | 20,000 | — | 20,000 | 5.48 | 7/28/2019(4) | — | — |
| | 125,000 | — | — | 11.25 | 2/2/2020(3) | — | — |
| | 175,000 | — | — | 11.11 | 2/1/2021(3) | — | — |
| | 300,000 | — | — | 14.72 | 2/1/2022(3) | — | — |
| | 375,000 | — | — | 13.08 | 2/1/2023(3) | — | — |
| | 325,000 | — | — | 14.11 | 3/3/2024(5) | — | — |
| | 553,229 | 11,771 | — | 15.62 | 3/16/2025(5) | — | — |
| | 648,958 | 241,042 | — | 10.24 | 3/1/2026(5) | — | — |
| | 364,166 | 395,834 | — | 16.77 | 2/27/2027(5) | — | — |
| 132,916 | 447,084 | — | 14.55 | 2/21/2028(5) | — | — | |
| Mark G. Currie, Ph.D. | 0 | — | 20,000 | 5.48 | 7/28/2019(4) | — | — |
| | 8,888 | — | — | 11.25 | 2/2/2020(3) | — | — |
| | 41,041 | — | — | 11.11 | 2/1/2021(3) | — | — |
| | 110,000 | — | — | 14.72 | 2/1/2022(3) | — | — |
| | 200,000 | — | — | 13.08 | 2/1/2023(3) | — | — |
| | 85,000 | — | — | 14.11 | 3/3/2024(5) | — | — |
| | 128,515 | 2,735 | — | 15.62 | 3/16/2025(5) | — | — |
| | 25,000 | — | 25,000 | 15.62 | 3/16/2025(6) | — | — |
| | 88,124 | 63,646 | — | 10.24 | 3/1/2026(5) | — | — |
| | 119,791 | 130,209 | — | 16.77 | 2/27/2027(5) | — | — |
| 49,270 | 165,730 | — | 14.55 | 2/21/2028(5) | 17,468 | 180,968 | |
| William Huyett | 84,375 | 253,125 | — | 15.27 | 1/2/2028(7) | 54,187 | 561,377 |

- (1) The Ironwood restricted stock units vest over four years as to 25% of the award on each approximate anniversary of the grant thereof.
- (2) Market value is calculated by multiplying the number of Ironwood restricted stock units that have not vested by the closing price of Ironwood common stock on the NASDAQ Global Select Market on December 31, 2018, which was \$10.36.
- (3) The Ironwood options vest as to 1.25% on each monthly anniversary of the vesting commencement date for the first 36 months, and as to 4.5833% of the award on each monthly anniversary thereafter until fully vested.
- (4) The Ironwood options vested as to (a) 50% of the shares upon acceptance by the FDA of a second NDA for a product from an internal or external development program (excluding supplemental NDAs for linaclotide, but including NDAs for linaclotide combination products) and vest as to (b) 50% of the shares upon the achievement of \$1 billion in annual (calendar year) net global pharmaceutical product sales (including partnered or licensed product revenue) for Ironwood. Ironwood external development programs shall be pre-qualified for milestone vesting eligibility by the Ironwood Compensation and HR Committee as of the time of program initiation at Ironwood.
- (5) The Ironwood options vest as to 1/48th of the shares on each monthly anniversary of the vesting commencement date until fully vested.
- (6) The Ironwood options vest in two equal installments of 25,000 options each. The option vested as to 25,000 shares upon the first-dosing in the first clinical study of the next phase following achievement of proof of concept for the first internally derived or externally accessed product (other than linaclotide) qualified by the Ironwood Compensation and HR Committee as targeting a new indication, category or market. The Ironwood option vests as to the remaining 25,000 shares upon the first-dosing in the first clinical study of the next phase following achievement of proof of concept for the second

internally derived or externally accessed product (other than linaclotide) qualified by the Ironwood Compensation and HR Committee as targeting a new indication, category or market.

(7) The Ironwood options vest as to 25% of the shares on the first anniversary of the vesting commencement date and 1/48th of the shares each month thereafter for the next 36 months.

Director Compensation

Dr. Hecht is not compensated for his service as a member of the Ironwood board of directors and similarly will not receive compensation for his service to us as a director. Dr. Hecht's compensation for his service as Ironwood's chief executive officer is described above in the section of this information statement entitled "Executive Compensation". The following table sets forth information concerning the compensation paid to, or awarded to, our directors, other than Dr. Hecht, under Ironwood's director compensation plan during fiscal year 2018:

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards \$(1) | Total (\$) |
|---------------------|----------------------------------|--------------------|------------|
| Marsha H. Fanucci | 10,000(2) | 301,423 | 311,423 |
| Terrance G. McGuire | 9,965(3) | 301,423 | 311,388 |
| Amy W. Schulman | 7,299(4) | 301,423 | 308,722 |

(1) On May 31, 2018, each non-employee member of Ironwood's board of directors was granted a restricted stock award in the amount of 16,223 shares of Ironwood's Class A common stock for service to Ironwood from the date of Ironwood's 2018 annual meeting of stockholders to the date of Ironwood's 2019 annual meeting of stockholders. The amount of this restricted stock grant was determined by dividing (i) \$250,000 (the dollar amount for total director compensation approximating the 25th percentile of Ironwood's current peer group on the date of grant), by (ii) the average closing price of Ironwood's Class A common stock on the NASDAQ Global Select Market for the six months preceding the month of the 2018 annual meeting of stockholders. Such award of restricted stock had a grant date fair value of \$18.58 per share and was granted pursuant to the terms of Ironwood's director compensation plan. As of December 31, 2018, 8,112 shares from each such restricted stock award remained unvested.

(2) Ms. Fanucci received this compensation for her services as the chair of Ironwood's audit committee in 2018.

(3) Mr. McGuire received this compensation for his service as the chair of Ironwood's board for 2018. Pursuant to Ironwood's director compensation plan, Mr. McGuire elected to receive this compensation in unrestricted shares of Ironwood's Class A common stock. Mr. McGuire received a total of 645 shares of Ironwood's Class A common stock for such chair service in 2018.

(4) Ms. Schulman received this compensation for her service as the chair of Ironwood's capital allocation committee for a portion of 2018. Pursuant to Ironwood's director compensation plan, Ms. Schulman elected to receive this compensation in unrestricted shares of Ironwood's Class A common stock. Ms. Schulman received a total of 474 shares of Ironwood's Class A common stock for such chair service in 2018.

As discussed in the section of this information statement entitled "Employee Matters Agreement—Equity Compensation," any of our non-employee directors who served as non-employee directors of Ironwood will receive unvested Cycleron restricted stock in respect of any outstanding unvested awards of Ironwood restricted stock they hold. Such Cycleron restricted stock awards will be subject to the vesting schedule set forth in the original Ironwood restricted stock award. We anticipate making grants of Cycleron restricted stock shortly after the separation to our non-employee directors who did not hold Ironwood restricted stock prior to the distribution. Such Cycleron restricted stock awards will

have an equivalent value to the shares of Cycleron restricted stock granted to our non-employee directors who held Ironwood restricted stock prior to the distribution, and will be pro-rated to reflect each non-employee director's period of service with Cycleron from the date of the distribution to the anticipated date of the first annual grant.

Following the distribution, we expect to adopt a non-employee director compensation program, based on market and peer data, setting forth the compensation that members of our board of directors will be eligible to receive going forward in respect of their service to us.

2019 Compensation Plans

Prior to the distribution, our board of directors intends to adopt (i) the Cycleron Therapeutics, Inc. 2019 Equity Incentive Plan, or our 2019 Equity Plan; and (ii) the Cycleron Therapeutics, Inc. 2019 Employee Stock Purchase Plan, or our 2019 ESPP. We refer to these plans collectively as our "2019 Plans." The following summaries describe what we anticipate to be the material terms of our 2019 Plans. These summaries are not complete descriptions of all of the terms of our 2019 Plans and are qualified in their entirety by reference to our 2019 Plans, which have been filed as exhibits to the registration statement of which this information statement is a part.

2019 Equity Plan

In General

Our 2019 Equity Plan will provide for the grant of stock and stock-based awards. The purpose of our 2019 Equity Plan will be to advance the interests of the Company by providing for the grant to participants of incentive equity awards. Awards granted under our 2019 Equity Plan are intended to be eligible for the post-initial public offering transition relief under Section 162(m) of the Code, as set forth in Section 1.162-27(f) of the Treasury Regulations.

Administration

Our 2019 Equity Plan will generally be administered by our compensation committee, which will have the discretionary authority to interpret the plan; determine eligibility for and grant awards; determine, modify and waive the terms and conditions of any award; determine the form of settlement of awards; prescribe forms, rules and procedures relating to the plan and awards; and otherwise do all things necessary or desirable to carry out the purposes of the plan. Our compensation committee may delegate to one or more of its members or members of our board of directors such of its duties, powers, and responsibilities as it may determine and, to the extent permitted by law, may delegate its ministerial tasks to employees and other persons as it deems appropriate. As used in this summary, the term "Administrator" refers to our compensation committee or its authorized delegates, as applicable.

Eligibility

Our and our subsidiaries' employees, directors, consultants and advisors of will be eligible to participate in our 2019 Equity Plan. Eligibility for stock options intended to be incentive stock options, or ISOs, will be limited to our employees and employees of certain qualifying subsidiaries. Eligibility for stock options other than ISOs and stock appreciation rights, or SARs, will be limited to individuals who are providing direct services on the date of grant of the award to us or certain qualifying subsidiaries. As of February 28, 2019, approximately 140 employees, eight directors and 10 consultants and advisors would be eligible to participate in our 2019 Equity Plan, including all of our executive officers.

Authorized Shares

Subject to adjustment as described below, the number of shares of Cycleron common stock that may be issued in satisfaction of awards under our 2019 Equity Plan will initially be 2,500,000 shares, plus (1) an automatic increase, as of the date of each annual meeting of our shareholders, from the first annual meeting until the ninth annual meeting, of a number of shares equal to the lesser of (A) four percent (4%) of the number of outstanding shares of Cycleron common stock as of the close of business on the immediately preceding business day, and (B) the number of shares determined by the Administrator on or prior to the date of such annual meeting of shareholders and (2) any shares underlying awards granted under our 2005 Plan or our 2010 Plan are forfeited, expired or are cancelled without the delivery of shares of Stock thereunder. Up to the total number of shares of Cycleron common stock set forth in the preceding sentence may be issued in satisfaction of ISOs. The number of shares of common stock issued in satisfaction of awards under our 2019 Equity Plan will be determined by excluding (i) the shares of common stock withheld by us in payment of the exercise or purchase price or an award or in satisfaction of tax withholding requirements, (ii) the number of shares covered by a SAR, any portion of which is settled in common stock, and (iii) any shares underlying any portion of an award that is settled or that expires, becomes unexercisable, terminates or is forfeited to or repurchased by us without the issuance of stock. The number of shares available for delivery under the 2019 Equity Plan will not increase by any number of shares that are delivered and subsequently repurchased using proceeds directly attributable to stock option exercises.

Shares that may be issued under our 2019 Equity Plan may be authorized but unissued shares, treasury shares or previously issued shares acquired by us.

Individual Limits

Awards comprising no more than 1,000,000 shares of Cycleron common stock may be granted to any participant in any calendar year. In applying the individual limit, all shares subject to stock options that may be granted, all shares subject to SARs that may be granted, and all shares subject to awards other than stock options and SARs that may be granted will be aggregated and made subject to a single limit.

Director Limits

In addition to the individual limits described above, the aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year for his or her services as a director, including awards under our 2019 Equity Plan, for his or her services as a director during such calendar year may not exceed \$400,000, with the value of any awards under our 2019 Equity Plan calculated based on the grant date fair value and assuming maximum payout.

Types of Awards

Our 2019 Equity Plan provides for the grant of stock options, SARs, restricted and unrestricted stock and stock units, performance awards, and other awards that are convertible into or otherwise based on Cycleron common stock. Dividend equivalents may also be provided in connection with awards under our 2019 Equity Plan.

- *Stock Options and SARs.* The Administrator may grant stock options, including ISOs, and SARs. A stock option is a right entitling the holder to acquire shares of Cycleron common stock upon payment of the applicable exercise price. A SAR is a right entitling the holder upon exercise to receive an amount (payable in cash or shares of equivalent value) equal to the excess of the fair market value of the shares subject to the right over the base value from which appreciation is measured. The per share exercise price of each stock option, and the per share base value of each SAR, granted under our 2019 Equity Plan may not be less than 100% of the fair market

value of a share of Cycleron common stock on the date of grant (or 110% in the case of ISOs granted to any employee who holds 10% or more of the total combined voting power of our stock).

- *Restricted and Unrestricted Stock and Stock Units.* The Administrator may grant awards of stock, stock units, restricted stock and restricted stock units. A stock unit is an unfunded and unsecured promise, denominated in shares, to deliver shares or cash measured by the value of shares in the future, and a restricted stock unit is a stock unit that is subject to the satisfaction of specified performance or other vesting conditions. Restricted stock is stock subject to restrictions requiring that it be forfeited, redelivered or offered for sale to the Company if specified performance or other vesting conditions are not satisfied.
- *Performance Awards.* The Administrator may grant performance awards, which are awards subject to performance vesting conditions, including the performance criteria described below.
- *Other Stock- Based Awards.* The Administrator may grant other awards that are convertible into or otherwise based on shares of Cycleron common stock, subject to such terms and conditions as are determined by the Administrator.
- *Substitute Awards.* The Administrator may grant awards in substitution for equity awards of an acquired company, which may have terms and conditions that are inconsistent with the terms and conditions of our 2019 Equity Plan.

Vesting; Terms and Conditions of Awards

The Administrator will determine the terms and conditions of all awards granted under our 2019 Equity Plan, including the time or times an award vests or becomes exercisable, the terms and conditions on which an option or SAR remains exercisable, and any modifications to the effect of termination of a participant's employment or service on awards from the terms set forth in our 2019 Equity Plan. The Administrator may at any time accelerate the vesting or exercisability of an award.

Transfer Restrictions

Except as the Administrator may otherwise determine, awards may not be transferred other than by will or by the laws of descent and distribution. ISOs may not be transferred other than by will or by the laws of descent and distribution.

Performance Criteria

Our 2019 Equity Plan provides for grants of performance awards subject to "performance criteria." Performance criteria may be applied to a participant individually, or to a business unit or division or the Company as a whole and may relate to any or any combination of the following or any other criteria determined by the Administrator (measured either absolutely or by reference to an index or indices or the performance of one or more companies) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): achievement of research, clinical trial or other drug development objectives; achievement of regulatory objectives; achievement of manufacturing and/or supply chain objectives; sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; shareholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures, licenses and strategic alliances; spin-offs, split-ups and the like; reorganizations; recapitalizations, restructurings, financings (issuance of

debt or equity) or refinancings and may be adjusted by the Administrator during the applicable performance period to reflect events that affect the performance criteria.

Effect of Certain Transactions

In the event of certain covered transactions (including a consolidation, merger or similar transaction, a sale of substantially all of our assets or common stock, a change in control, or a dissolution or liquidation of the Company), the Administrator may, with respect to outstanding awards, provide for (in each case, on such terms and conditions as it determines):

- The assumption, continuation or substitution for some or all awards (or any portion thereof) by the acquirer or surviving entity;
- The acceleration of exercisability or delivery of shares in respect of any award (or any portion thereof), in full or in part; and/or
- The cash payment in respect of some or all awards (or any portion thereof) equal to the difference between the fair market value of the shares subject to the award and its exercise or base price, if any.

Except as the Administrator may otherwise determine, each award will automatically terminate immediately upon the consummation of the covered transaction, other than awards that are substituted for, assumed or continued.

Adjustment Provisions

In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in our capital structure, the Administrator will make appropriate adjustments to the maximum number of shares that may be issued under our 2019 Equity Plan, the individual limits described above, the number and kind of securities subject to, and, if applicable, the exercise or purchase prices (or base values) of, outstanding awards, and any other provisions affected by such event. The Administrator may also make such adjustments to take into account other distributions to shareholders or any other event if it determines that adjustments are appropriate to avoid distortion in the operation of our 2019 Equity Plan or any award.

Recovery of Compensation

The Administrator may provide that any outstanding award or the proceeds from, or other amounts received in respect of, any award or stock acquired under any award will be subject to forfeiture and disgorgement to the Company if the participant to whom the award was granted is not in compliance with any non-competition, non-solicitation, no-hire, non-disparagement, confidentiality, invention assignment or other restrictive covenant, or any applicable Company policy that provides for forfeiture or disgorgement, or as otherwise required by law or applicable stock exchange listing standards. In addition, the Administrator may require forfeiture or disgorgement to the Company any outstanding award or the proceeds from, or other amounts received in respect of, any award or stock acquired under the award with interest or other related earnings, to the extent required by law or applicable stock exchange listings standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended.

Amendment and Termination

The Administrator may at any time amend our 2019 Equity Plan or any outstanding award and may at any time terminate our 2019 Equity Plan as to future grants. However, except as expressly provided in our 2019 Equity Plan or the applicable award, the Administrator may not alter the terms of an award so as to materially and adversely affect a participant's rights without the participant's consent,

unless the Administrator expressly reserved the right to do so at the time the award was granted. Any amendments to our 2019 Equity Plan will be conditioned on shareholder approval to the extent required by law or applicable stock exchange requirements.

2019 ESPP

In General

Our 2019 ESPP is intended to enable eligible employees to use payroll deductions to purchase shares of Cycleron common stock, and thereby acquire an interest in the future of the Company. Our 2019 ESPP will generally be implemented by a series of separate offerings, which we refer to as offering periods. On the first day of each offering period, participating employees will be granted an option to purchase shares of Cycleron common stock, which will be automatically exercised on the last business day of the offering period. Our 2019 ESPP is intended to satisfy the requirements of Section 423 of the Code. As of the date of this information statement, no options to purchase shares of Cycleron common stock have been granted under our 2019 ESPP.

Administration

Our 2019 ESPP will be administered by our compensation committee, which will have the authority to interpret the plan; determine eligibility under the plan; prescribe forms, rules and procedures relating to the plan; and otherwise do all things necessary or appropriate to carry out the purposes of the plan. Our compensation committee may delegate to one or more of its members or members of our board of directors such of its duties, powers, and responsibilities as it may determine and may delegate such ministerial tasks as it deems appropriate to employees or other persons. As used in this summary, the term “Administrator” refers to our compensation committee or its authorized delegates, as applicable.

Eligibility

Participation in our 2019 ESPP will generally be limited to our and our participating subsidiaries’ employees (i) who have been continuously employed by us or our subsidiary, as applicable, for a period of at least fifteen business days as of the first day of an applicable offering period; (ii) whose customary employment with us or our subsidiary, as applicable, is for more than five months per calendar year; (iii) who customarily work twenty hours or more per week; and (iv) who satisfy the requirements set forth in our 2019 ESPP. The Administrator may establish additional or different eligibility requirements to the extent consistent with Section 423 of the Code. No employee may be granted an option under our 2019 ESPP if, immediately after the option is granted, the employee would own (or would be deemed to own) shares of Cycleron common stock possessing five percent or more of the total combined voting power or value of all classes of shares of the Company or of our parent or subsidiaries, if any. As of February 28, 2019, approximately 140 employees would be eligible to participate in our 2019 ESPP, including all of our executive officers.

Authorized Shares

Subject to adjustment as described below, the maximum aggregate number of shares of Cycleron common stock that are available for issuance under our 2019 ESPP will initially be 400,000 shares, which number will increase as of the date of each annual meeting of our shareholders, from the first annual meeting of the shareholders following the adoption of the ESPP until the ninth annual meeting following the adoption of the ESPP. Such annual increase will be equal to the lesser of (A) one percent of shares of stock outstanding on a fully diluted basis as of the close of business on the immediately preceding day, and (B) the number of shares determined by the Administrator on or prior to such date. Shares that may be issued under our 2019 ESPP may be authorized but unissued shares, shares of

treasury stock or previously issued shares acquired by us. If any option expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, the unpurchased shares subject to such option will again be available for purchase under the plan.

Participation

Eligible employees may participate in an offering period under our 2019 ESPP by delivering a payroll deduction and participation authorization form to the Administrator, authorizing a whole percentage of the employee's eligible compensation, between one percent and fifteen percent of the employee's eligible compensation, to be deducted from the employee's pay during the offering period. The payroll deduction authorization must be delivered no later than fifteen business days prior to the first day of the offering period (or such other period specified by the Administrator). A payroll deduction authorization under our 2019 ESPP will remain in effect for subsequent offering periods unless a participant delivers a new payroll deduction authorization or the participant's participation in our 2019 ESPP is terminated.

Offering Periods

Unless otherwise determined by the Administrator, offering periods under our 2019 ESPP will be six months in duration and commence on the first business day of June and December of each year.

Subject to the limitations in our 2019 ESPP, as described in this summary, on the first day of each offering period, participating employees will be granted an option to purchase shares of Cycleron common stock, except that no participant will be granted an option under our 2019 ESPP that permits the participant's right to purchase shares of Cycleron common stock under our 2019 ESPP and under all other employee stock purchase plans of the Company or our parent or subsidiaries, if any, to accrue at a rate that exceeds \$25,000 in fair market value (or such other maximum as may be prescribed by the Code) for each calendar year during which any option granted to the participant is outstanding at any time, determined in accordance with Section 423 of the Code.

Each option to purchase shares of Cycleron common stock granted under our 2019 ESPP for an offering period, unless earlier cancelled, will be automatically exercised on the last business day of the offering period. Upon exercise, shares will be purchased using the participant's accumulated payroll deductions for the offering period, which will be maintained on our books in a notional account. A participant may purchase a maximum of 2,500 shares of Cycleron common stock with respect to any offering period (or such lesser number of shares as the Administrator may prescribe).

Purchase Price

The purchase price of each share issued pursuant to the exercise of an option under our 2019 ESPP on an exercise date will be 85% (or such greater percentage as specified by the Administrator) of the lesser of (i) the fair market value of a share on date the option is granted and (ii) the fair market value of a share on the exercise date.

Changes to Payroll Authorization; Termination

During an offering period, a participant may decrease his or her payroll deduction authorization once (including to zero) while continuing to participate in our 2019 ESPP, but may not increase his or her payroll deduction authorization.

A participant may cancel his or her enrollment and terminate his or her payroll deduction authorization by delivering a notice to the Administrator at least 15 business days prior to the exercise date. Upon termination of a participant's employment prior to an exercise date for an offering period, or if a participant ceases to be eligible to participate in the plan, or in the case of the death of a

participant during an offering period, the participant's option will be cancelled automatically. Upon cancellation, the balance of the participant's account will be returned to the participant, without interest, as soon as administratively practicable.

Holding Period

For participants who have purchased shares under our 2019 ESPP, the Administrator may impose restrictions prohibiting the transfer, sale, pledge or alienation of such shares, other than by will or by the laws of descent and distribution, for such period as may be determined by the Administrator.

Effect of Certain Transactions

In the event a sale of substantially all of our assets or common stock, or merger or similar transaction in which the Company is not the surviving corporation or that results in the acquisition of the Company by another person, the Administrator may (i) if the Company is merged with or acquired by another corporation, provide that each outstanding option will be assumed or exchanged for a substitute option; (ii) cancel each outstanding option and return the balances in the participants' accounts, without interest; and/or (iii) terminate the offering period on or before the date of the proposed sale, merger or similar transaction.

Adjustment Provisions

In the event of any change in the outstanding stock by reason of a stock dividend, stock split, reverse stock split, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the Administrator will make appropriate adjustments to the aggregate number and type of shares available for purchase under our 2019 ESPP, the maximum number and type of shares purchasable under any outstanding option and/or the purchase price under any outstanding option, provided that such change complies with Section 423 of the Code.

Amendment and Termination

The Administrator has the discretion to change the commencement and exercise dates of offering periods, the purchase price, the maximum number of shares that may be purchased with respect to any offering period, the duration of any offering periods and other terms of our 2019 ESPP, in each case, without shareholder approval, in a manner consistent with Section 423 of the Code and in order to, among other things, reflect the impact of local law outside of the United States as applied to one or more eligible employees of a Company subsidiary, and the Administrator may, where appropriate, establish one or more sub-plans to reflect such amended provisions.

Our board of directors may at any time amend, suspend or terminate our 2019 ESPP, provided that any amendment that would be treated as the adoption of a new plan for purposes of Section 423 of the Code will require shareholder approval.

2010 and 2005 Plans

Prior to the distribution, our board of directors intends to adopt (i) the Cycleron Therapeutics, Inc. Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan, or our 2010 Plan and (ii) the Cycleron Therapeutics, Inc. Amended and Restated 2005 Stock Incentive Plan, or our 2005 Plan. We refer to these plans collectively as our "Mirror Plans." Our Mirror Plans are intended to mirror in all material respects the terms and conditions of the Ironwood Pharmaceuticals, Inc. Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan, or the Ironwood 2010 Plan, and the Ironwood Pharmaceuticals, Inc. Amended and Restated 2005 Stock Incentive Plan, or the Ironwood 2005 Plan, for purposes of governing awards previously issued under the Ironwood 2010 Plan and the Ironwood 2005 Plan, respectively, that were

converted into awards in respect of Cyclerion common stock pursuant to the terms of the employee matters agreement. No awards will be made under the Mirror Plans following the distribution. The following summaries describe what we anticipate to be the material terms of our Mirror Plans. These summaries are not complete descriptions of all of the terms of our Mirror Plans and are qualified in their entirety by reference to our Mirror Plans, which have been filed as exhibits to the registration statement of which this information statement is a part.

2010 Plan

Our 2010 Plan provides for the grant of stock and stock-based awards. Subject to adjustment, the maximum number of shares of Cyclerion common stock that may be issued pursuant to awards is 13,800,000 shares. In the event that an outstanding award expires, is cancelled or otherwise terminated without consideration, such shares will be available for grant under our 2019 Equity Plan. As of the distribution, options to purchase approximately 6,583,148 shares of Cyclerion common stock, approximately 901,442 restricted stock units and approximately 11,658 shares of restricted stock will be outstanding under our 2010 Plan.

Our 2010 Plan will generally be administered by our board of directors, which will have discretionary authority to interpret the provisions of our 2010 Plan and to make any rules and determinations which it deems advisable for the administration of our 2010 Plan. To the extent permitted under applicable law, our board of directors may delegate to a committee, or to one or more of the members of our board of directors, its authority and duties under our 2010 Plan. As used in this summary, the term “Administrator” refers to our board of directors or its authorized delegates, as applicable.

Each of our named executive officers has been granted options to purchase Ironwood common stock and restricted stock units in respect of Ironwood common stock under the Ironwood 2010 Plan. Awards granted under the Ironwood 2010 Plan will be adjusted as described in the section of this information statement entitled “Employee Matters Agreement—Equity Compensation.” Any awards granted under the Ironwood 2010 Plan to be converted into awards under our 2010 Plan will be subject to substantially the same terms and vesting conditions as were applicable to the award granted under the Ironwood 2010 Plan prior to the distribution.

In the event of a corporate transaction, generally defined in our 2010 Plan to include a transaction in which our company is to be consolidated with or acquired by another entity through a merger, consolidation or sale of all or substantially all of our assets, the Administrator will take, or cause to be taken, any of the following actions as to all or any outstanding stock options, on such terms as the Administrator determines, unless otherwise specifically provided by the terms of the stock option: (i) provide for the assumption of stock options by the acquiring or surviving entity, (ii) upon written notice, provide that unexercised stock options, with such options being made fully exercisable, must be exercised within a specified number of days, at the end of which period such stock options, if not exercised, shall terminate or (iii) provide for termination of unexercised stock options, with such stock options being made fully exercisable, in exchange for a cash payment to the holder of such stock options equal to the difference between the per share consideration received by common shareholders in the corporate transaction and the exercise price of each such stock option. With respect to outstanding awards other than stock options, the Administrator will make provision for the substitution of awards by the surviving or acquiring entity or for the termination of awards in exchange for payment in an amount equal to the consideration payable in the corporate transaction to a holder of the number of shares of common stock comprising such awards.

Our shareholders, and in certain instances, the Administrator, may amend our 2010 Plan at any time. However, no such action may adversely affect any rights under any outstanding award without the participant’s consent.

2005 Plan

Our 2005 Plan provides for the grant of stock and stock-based awards. Subject to adjustment, the maximum number of shares of Cycleron common stock that may be issued pursuant to awards is 350,000 shares. In the event that an outstanding award expires, is cancelled or otherwise terminated without consideration, such shares will be available for grant under our 2019 Equity Plan. As of the distribution, options to purchase approximately 215,811 shares of Cycleron common stock will be outstanding under our 2005 Plan.

Our 2005 Plan will generally be administered by our board of directors, which will have discretionary authority to adopt, amend and repeal administrative rules, guidelines and practices it deems advisable, and to correct any defect, supply any omission or reconcile any inconsistency in our 2005 Plan or an award granted under our 2005 Plan. To the extent permitted under applicable law, our board of directors may delegate to a committee its authority and duties under our 2005 Plan. As used in this summary, the term “Administrator” refers to our board of directors or its authorized delegates, as applicable.

Drs. Hecht and Currie have been granted options to purchase Ironwood common stock under the Ironwood 2005 Plan. Awards granted under the Ironwood 2005 Plan will be adjusted as described in the section of this information statement entitled “Employee Matters Agreement—Equity Compensation.” Any awards granted under the Ironwood 2005 Plan to be converted into awards under our 2005 Plan will be subject to substantially the same terms and vesting conditions as were applicable to the award granted under the Ironwood 2005 Plan prior to the distribution.

In the event of a reorganization event, generally defined in our 2005 Plan to include any merger or consolidation of our company into another entity, any exchange of all of our common stock for cash, securities or other property pursuant to a share exchange transaction or any liquidation or dissolution of our company, the Administrator will take, or cause to be taken, any of the following actions as to all or any outstanding awards, as determined by the Administrator: (i) provide for the assumption or substitution of awards by the acquiring or surviving entity, (ii) upon written notice, provide that unexercised stock options, or other unexercised awards, with such awards being made fully exercisable, must be exercised within a specified number of days, at the end of which period such stock options, if not exercised, shall terminate, (iii) provide that outstanding awards shall become realizable or deliverable, or restrictions applicable to an award shall lapse, in whole or in part prior to or upon the reorganization event, (iv) in the event of a reorganization event under the terms of which holders of Cycleron common stock will receive a cash payment for each share surrendered, provide for a cash payment in respect of some or all awards (or any portion thereof) equal to the difference between the fair market value of the shares subject to the award and its exercise or base price, if any, (v) provide that, in connection with a liquidation or dissolution of our company, awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price or base price thereof).

Our board of directors may amend our 2005 Plan at any time.

Relationship with Ironwood

Prior to the completion of this separation, all of our outstanding shares of common stock are owned by Ironwood. Following the completion of this separation, Ironwood will no longer own any shares of our common stock. See “Risk Factors—Risks Related to the Separation and the Private Placement” and “The Separation and Distribution”

Following the distribution, Cycleron and Ironwood will operate separately, each as an independent public company. In connection with this separation, we and Ironwood have entered or will enter into certain agreements that will effect the separation of our business from Ironwood and govern our relationship with Ironwood after this separation. The following is a summary of the terms of the material agreements that we intend to enter into with Ironwood prior to the completion of this separation, which have been filed as exhibits to the registration statement of which this information statement is a part. These summaries set forth the terms of the agreements that we believe are material and are qualified in their entirety by reference to the full text of such agreements. The terms of the agreements described below that will be in effect following the distribution have not yet been finalized. Changes to these agreements, some of which may be material, may be made prior to the distribution.

Agreements with Ironwood

Separation Agreement

We intend to enter into a separation agreement with Ironwood prior to the distribution of our common stock to Ironwood stockholders. The separation agreement will set forth our agreements with Ironwood regarding the principal actions to be taken in connection with the separation, including the distribution. The separation agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of Cycleron and Ironwood as part of the separation, and it will provide for when and how these transfers, assumptions and assignments will occur.

Transfer of Assets and Assumption of Liabilities. The separation agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of Ironwood and us, and it will provide for the transfer of such assets, assumption of such liabilities and assignment of such contracts upon the execution of the separation agreement to the extent such transfers and assignments have not already occurred. The separation agreement is intended to provide for those transfers of assets and assumptions of liabilities that are necessary so that after the distribution we and Ironwood have the assets necessary to operate our respective businesses and retain or assume the liabilities related to those assets. The separation agreement will also provide for the settlement or extinguishment of certain liabilities and other obligations between us and Ironwood.

The allocation of liabilities with respect to taxes, except for payroll tax withholding and reporting and other tax matters expressly covered by the employee matters agreement, are solely covered by the tax matters agreement.

Further Assurances. Each party will agree to use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation agreement and other transaction agreements.

Employee Non-Solicit and Non-Hire. Each of Ironwood and Cycleron will be subject to mutual two-year employee non-solicitation and non-hire obligations, subject to customary exceptions.

Certain Restrictions. Ironwood and Cycleron, as well as their respective affiliates, will be subject to non-compete restrictions, subject to customary carve-outs for performance under the separation

agreements, acquisitions of entities engaged in a restricted business and an acquirer's commercially available products and product candidates in clinical development at the time of the acquisition. For three years after the distribution date, Ironwood shall not engage in the business of discovering, researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling any pharmaceutical product (a) for the diagnosis, prevention or treatment of DN, HFpEF or SCD or (b) that contains one or more sGC stimulators. For ten years after the distribution date, Cycleron shall not engage in the business of discovering, researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling any pharmaceutical product for the diagnosis, prevention or treatment of irritable bowel syndrome, constipation or gastroesophageal reflux disease. In addition, for three years after the distribution date, Cycleron shall not engage in the business of discovering, researching, developing, importing, exporting, manufacturing, marketing, distributing, promoting or selling any pharmaceutical product (a) for the diagnosis, prevention or treatment of GI diseases or disorders (provided that this restriction will only apply to functional dyspepsia, functional vomiting and functional diarrhea with respect to an acquirer of Cycleron following a change of control) other than irritable bowel syndrome, constipation or gastroesophageal reflux disease, except with respect to the use of an sGC as the primary active ingredient, (b) for the diagnosis, prevention or treatment of diseases or disorders with the recognized signs or symptoms of visceral, abdominal or pelvic pain, except with respect to the use of an sGC as the primary active ingredient for the diagnosis, prevention or treatment of an indication other than endometriosis and bladder pain syndrome, or (c) that contains one or more guanylate cyclase-C agonists or is or contains any bile sequestrant-based therapy, in each case except for the use of guanylate cyclase-C agonists in an injectable product for the diagnosis, prevention or treatment of indications other than GI diseases and disorders with the prior written consent of Ironwood.

The Distribution. The separation agreement will govern the rights and obligations of the parties with respect to the distribution and certain actions that must occur prior to the distribution. Ironwood will cause its agent to distribute to holders of shares of Ironwood's common stock as of the record date for the distribution all of the issued and outstanding shares of our common stock. Ironwood will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution.

Conditions. The separation agreement will provide that the distribution is subject to several conditions that must be satisfied (or waived by Ironwood, in its sole and absolute discretion). For further information regarding these conditions, see "The Separation and Distribution—Conditions to the Distribution."

Indemnification. The separation agreement will provide for releases, with respect to pre-distribution claims, and cross-indemnities, with respect to post-distribution claims, that, except as otherwise provided in the separation agreement, are principally designed to place financial responsibility for the obligations and liabilities allocated to us under the separation agreement with us and financial responsibility for the obligations and liabilities allocated to Ironwood under the separation agreement with Ironwood. The separation agreement will also specify procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes will be governed by the tax matters agreement described below.

Term/Termination. Prior to the distribution, Ironwood will have the unilateral right to terminate, modify or amend the terms of the separation agreement and amend, modify or abandon the distribution. After the effective time of the distribution, the separation agreement may only be terminated, modified or amended with the prior written consent of both Ironwood and us.

Other Matters Governed by the Separation Agreement. Other matters governed by the separation agreement include, without limitation, access to financial and other information, insurance, confidentiality and access to and provision of records.

Development Agreement

We intend to enter into a development agreement with Ironwood prior to or concurrently with the completion of the separation. Under the development agreement, we will provide Ironwood with certain research and development services with respect to certain of Ironwood's products and product candidates, including without limitation MD-7246 (linaclotide delayed release) and IW-3718. Such research and development activities will be governed by a joint steering committee comprised of representatives from both Cycleron and Ironwood. Ironwood will pay us fees for such research and development services, which fees will be mutually agreed upon by us and Ironwood as provided under this development agreement with certain allowances for specified overages.

Transitional Services Agreements

Ironwood Transitional Services. Historically, Ironwood has provided us significant corporate and shared services and resources related to corporate functions such as finance, human resources, internal audit, research and development, financial reporting and information technology, which we refer to collectively as the "Ironwood Services." This transitional services agreement will become operative as of the completion of this separation and each of the Ironwood Services will continue for an initial term of between one to two years (as applicable), unless earlier terminated or extended according to the terms of the transitional services agreement. We will pay Ironwood fees for the Ironwood Services, to be mutually agreed upon by us and Ironwood as provided under this transitional services agreement, which fees will be based on Ironwood's cost of providing the Ironwood Services.

Cycleron Transitional Services. We also intend to enter into a second transitional services agreement whereby we will provide certain finance, procurement and facilities services to Ironwood, which we refer to herein collectively as the "Cycleron Services." This second transitional services agreement will be effective as of the completion of this separation and each of the Cycleron Services will continue for an initial term of one year, unless earlier terminated or extended according to the terms of such transitional services agreement. Ironwood will pay us fees for the Cycleron Services, to be mutually agreed upon by us and Ironwood as provided under this transitional services agreement, which fees will be based on our cost of providing the Cycleron Services.

Intellectual Property License Agreement

We intend to enter into an intellectual property license agreement with Ironwood prior to the distribution pursuant to which each party will grant a license to certain know-how. Ironwood will grant Cycleron a perpetual, worldwide, non-exclusive, royalty-free, fully paid-up license to certain know-how to allow Cycleron to use such know-how in connection with Cycleron's ongoing and future research and development activities related to sGC stimulator products in any field. Cycleron will grant Ironwood a perpetual, worldwide, non-exclusive, royalty-free, fully paid-up license to certain know-how for use outside of the research and development of sGC stimulator products, including in Ironwood's existing products and product candidates. Such licenses between the parties generally will allow current or future uses of the know-how in connection with each party's respective fields.

Tax Matters Agreement

Allocation of taxes. We intend to enter into a tax matters agreement with Ironwood prior to the separation that will govern Ironwood's and Cycleron's respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any,

incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters. In general, under the agreement:

- Ironwood is responsible for any U.S. federal, state, local or foreign taxes (and any related interest, penalties or audit adjustments and including those taxes attributable to Cyclerion's business) reportable on a consolidated, combined or unitary return that includes Ironwood or any of its subsidiaries (and Cyclerion and/or any of its subsidiaries) for any periods or portions thereof ending on or prior to the date of the completion of the distribution. Cyclerion is responsible for the portion of any such taxes for periods or portions thereof beginning after such date, as would be applicable to Cyclerion and/or any of its subsidiaries if it filed the relevant tax returns on a standalone basis.
- Cyclerion is responsible for any U.S. federal, state, local or foreign taxes (and any related interest, penalties or audit adjustments) that are reportable on returns that include only Cyclerion and/or any of its subsidiaries, for all tax periods whether before or after the completion of the distribution.
- Ironwood is responsible for certain taxes, if any, imposed on Ironwood and/or any of its subsidiaries and Cyclerion and/or any of its subsidiaries arising from, or attributable to, certain transfers of assets or liabilities in the separation.

Cyclerion is not generally entitled to receive payment from Ironwood in respect of any of Cyclerion's tax attributes or tax benefits or any reduction of taxes of Ironwood. Neither party's obligations under the agreement are limited in amount or subject to any cap. The agreement also assigns responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In addition, the agreement provides for cooperation and information sharing with respect to tax matters.

Ironwood is primarily responsible for preparing and filing any tax return with respect to the Ironwood affiliated group for U.S. federal income tax purposes and with respect to any consolidated, combined, unitary or similar group for U.S. state or local or foreign tax purposes that includes Ironwood or any of its subsidiaries (including those that also include Cyclerion and/or any of its subsidiaries), as well as any tax return that includes only Ironwood and/or any of its subsidiaries (including such tax returns that reflect taxes attributable to Cyclerion's business). Cyclerion is generally responsible for preparing and filing any tax returns that include only Cyclerion and/or any of its subsidiaries.

Ironwood generally has exclusive authority to control tax contests with respect to joint tax returns and tax returns that include only Ironwood and/or any of its subsidiaries. Cyclerion generally has exclusive authority to control tax contests with respect to tax returns that include only Cyclerion and/or any of its subsidiaries. The non-controlling party will generally have participation rights with respect to any tax contests to the extent the non-controlling party may be liable for any taxes pursuant to such tax contest.

Preservation of the tax-free status of certain aspects of the separation. The tax matters agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) that will be designed to preserve the tax-free status of the distribution and certain related transactions. The tax matters agreement will provide special rules that allocate tax liabilities in the event the distribution, together with certain related transactions, is not tax-free. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on Ironwood or Cyclerion that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is generally

tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) and certain other relevant provisions of the Code, to the extent that the failure to so qualify is attributable to an acquisition of stock or assets of, or certain actions, omissions or failures to act of, such party. If both Cycleron and Ironwood are responsible for such failure, liability will be shared according to relative fault. U.S. tax otherwise resulting from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is tax-free generally will be the responsibility of Ironwood.

Cycleron has agreed to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution and certain related transactions. Cycleron may take certain actions prohibited by these covenants only if Cycleron obtains and provides to Ironwood either (i) a private letter ruling from the IRS or (ii) an opinion from a U.S. tax counsel or accountant of recognized national standing, in either case reasonably acceptable to Ironwood, to the effect that such action would not jeopardize the tax-free status of these transactions. Cycleron is barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of these transactions, for all time periods. In addition, during the time period ending two years after the date of the distribution these covenants include specific restrictions on Cycleron's:

- issuance or sale of stock or other securities (including securities convertible into Cycleron stock but excluding certain compensatory arrangements);
- sales of assets outside the ordinary course of business; and
- entering into any other corporate transaction which would cause Cycleron to undergo a 3% or greater change in its stock ownership, exclusive of the private placement.

Cycleron has generally agreed to indemnify Ironwood and its affiliates against any and all tax-related liabilities incurred by them relating to the distribution, including for any taxes, interest, penalties and other costs, including any reductions in Ironwood's net operating losses or other tax assets, to the extent caused by an acquisition of Cycleron stock or assets or certain actions by Cycleron, as further described in "—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable." This indemnification provision applies even if Ironwood has permitted Cycleron to take an action that would otherwise have been prohibited under the tax-related covenants described above.

Employee Matters Agreement

We intend to enter into an employee matters agreement with Ironwood prior to the distribution. The employee matters agreement allocates assets, liabilities and responsibilities relating to the employment, compensation, and employee benefits of Ironwood and Cycleron employees, and other related matters in connection with the separation, including the treatment of outstanding incentive equity awards and certain retirement and welfare benefit obligations. The employee matters agreement will generally provide that, unless otherwise specified, Cycleron will be responsible for liabilities associated with employees who transfer to Cycleron and employees whose employment terminated prior to the distribution but who primarily supported the Cycleron business, whether incurred prior to or after the distribution, and Ironwood will be responsible for liabilities associated with other employees, including employees retained by Ironwood.

Cycleron 401(k) Plan

The employee matters agreement will provide that, prior to the distribution, Ironwood will cause Cycleron to adopt a defined contribution 401(k) plan, which will be substantially similar in all material respects to Ironwood's 401(k) plan. The assets and liabilities under the Ironwood 401(k) plan with respect to Cycleron employees will be transferred to the Cycleron 401(k) plan.

Cyclerion Health and Welfare Plans

The employee matters agreement will provide that Cyclerion will establish health and welfare plans that correspond to the Ironwood health and welfare plans in which Cyclerion employees participate immediately prior to the distribution. Cyclerion employees will be eligible to participate in Cyclerion's health and welfare plans as of the distribution date. Ironwood will generally retain liability for claims incurred under Ironwood's health and welfare plans for Cyclerion employees prior to the distribution. Cyclerion will generally assume liability for claims incurred under Ironwood's health and welfare plans following the distribution.

To the extent practicable, Cyclerion will cause its plans to waive any preexisting condition limitations. Cyclerion will also cause its medical plan to honor any deductibles incurred by Cyclerion employees under an Ironwood medical plan during the portion of the calendar year prior to the distribution for purposes of satisfying deductibles and out-of-pocket maximums.

Cyclerion Omnibus Plan; Cyclerion Employee Stock Purchase Plan

The employee matters agreement will provide that, prior to the distribution, Ironwood will cause Cyclerion to adopt an omnibus equity incentive plan and an employee stock purchase plan intended to meet the requirements of Section 423 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder, and take all actions that may be necessary to approve such plans in order to satisfy the requirements of the Code and the regulations of the Nasdaq Global Select Market.

Equity Compensation

The employee matters agreement will provide that outstanding Ironwood equity awards held by Cyclerion and Ironwood employees will be adjusted in accordance with the following principles:

- For each award, the intent is to maintain, immediately following the distribution date, the economic value of the award immediately before the distribution date.
- For both Cyclerion and Ironwood employees, except as noted below, vested Ironwood equity awards will be converted into equity awards of both Ironwood and Cyclerion using the "basket approach" (as described below).
- For Cyclerion employees, except as noted below, unvested Ironwood equity awards will be converted into Cyclerion equity awards using the "concentration approach" (as described below).
- For Ironwood employees, unvested Ironwood equity awards will remain as Ironwood equity awards using the "concentration approach."
- For non-employee directors of Cyclerion who had been non-employee directors of Ironwood, if any, unvested Ironwood restricted stock will be converted into unvested Cyclerion restricted stock using the "concentration approach."
- For non-employee directors of Ironwood who remain non-employee directors of Ironwood, unvested Ironwood restricted stock will continue as unvested Ironwood restricted stock, adjusted using the "concentration approach."
- To the extent any adjustments to outstanding equity awards result in fractional interests in shares, the fractional interests will be rounded down to the nearest whole share and Ironwood or Cyclerion, as the case may be, will make a cash payment to its respective employees in lieu of such fractional interests.

Basket Approach. Following the distribution, the number of shares underlying converted Cyclerion equity awards (whether held by Ironwood or Cyclerion employees) will be determined according to a

fixed ratio of one share of Cycleron common stock for every 10 shares of Ironwood common stock. The exercise price associated with converted Cycleron equity awards (whether held by Ironwood or Cycleron employees) will be determined according to formulas based on the 10-day volume weighted average trading price of Ironwood common stock for the 10 days immediately preceding the distribution and the purchase price of Cycleron common stock paid in the private placement.

Concentration Approach. Following the distribution, the number of shares underlying converted Cycleron equity awards and any associated exercise prices will be determined according to formulas based on the 10-day volume weighted average trading price of Ironwood common stock for the 10 days immediately preceding the distribution and the purchase price of Cycleron common stock paid in the private placement.

The following table contains a summary of the expected treatment of each type of Ironwood equity award. As a result of the adjustments to such awards in connection with the distribution, the precise number of Cycleron awards resulting from the conversion of Ironwood awards will not be known until following the distribution date.

| Type of Ironwood Award | Cycleron Employees | Ironwood Employees |
|---|--|---|
| Vested Stock Options (other than Vested Incentive Stock Options granted under the Ironwood 2010 Incentive Plan) | Continue to hold vested Ironwood stock options and receive a pro rata portion of vested stock options of Cycleron, each as equitably adjusted to reflect the distribution | Continue to hold vested Ironwood stock options and receive a pro rata portion of vested stock options of Cycleron, each as equitably adjusted to reflect the distribution |
| Vested Incentive Stock Options (ISOs) granted under the Ironwood 2010 Incentive Plan | Substitute with vested Cycleron ISOs, unless employee elects to convert to non-qualified stock options of both Ironwood and Cycleron, each as equitably adjusted to reflect the distribution | Continue to hold vested Ironwood ISOs, unless employee elects to convert to non-qualified stock options of both Ironwood and Cycleron, each as equitably adjusted to reflect the distribution |
| Unvested Stock Options | Substitute with unvested Cycleron stock options of comparable value | Continue to hold unvested Ironwood stock options, as equitably adjusted to reflect the distribution |
| Restricted Stock Units (other than July 2018 Recognition Restricted Stock Units) | Substitute with Cycleron restricted stock units of comparable value | Continue to hold Ironwood restricted stock units, as equitably adjusted to reflect the distribution |
| July 2018 Recognition Restricted Stock Units | Continue to hold Ironwood restricted stock units, as equitably adjusted to reflect the distribution | Continue to hold Ironwood restricted stock units, as equitably adjusted to reflect the distribution |

At the time of the distribution, it is expected that each Ironwood equity award to be converted into a Cycleron equity award will be subject to substantially the same terms and vesting conditions as were applicable to the Ironwood equity awards prior to the distribution.

Private Placement

Common Stock Purchase Agreement

On February 25, 2019, Cycleron and various investors entered into an amended and restated common stock purchase agreement pursuant to which these investors agreed to make an aggregate cash investment in Cycleron of up to \$175.0 million in exchange for shares of Cycleron common stock at a purchase price per share determined as set forth below.

These investors included the following, each of whom is either a Cycleron director, a Cycleron executive officer, an immediate family member of a Cycleron director or executive officer, an entity related to such a director, executive officer or immediate family member, or is expected to beneficially own at least 5% of Cycleron common stock following the separation, after taking into account the shares of Cycleron common stock expected to be issued in the private placement: Artal International S.C.A., accounts managed by direct or indirect subsidiaries of FMR LLC, MFN Partners, LP, a donor advised fund created by Peter M. Hecht, Ph.D., our Chief Executive Officer, Mark Currie, our President, and certain members of Dr. Hecht's immediate family, including through a trust or donor advised fund. Artal International S.C.A. agreed to invest up to \$20,000,000, accounts managed by direct or indirect subsidiaries of FMR LLC agreed to invest up to \$17,500,004, MFN Partners, LP agreed to invest up to \$15,000,000, the donor advised fund created by Dr. Hecht agreed to invest up to \$34,000,000, Dr. Currie agreed to invest up to \$4,000,000 and Dr. Hecht's immediate family agreed to invest up to \$6,800,000 in the aggregate. Certain of these investors are financing all or a portion of their investment in Cycleron through sales of Ironwood common stock. The closing of the private placement is expected to take place immediately following the distribution. Prior to the closing of the private placement, Cycleron may join, in its sole discretion, on substantially the same terms and conditions as those contained in the purchase agreement, additional parties as investors in the private placement.

The number of shares of Cycleron common stock to be issued to each investor upon closing of the private placement will be determined by dividing the cash contribution made by each investor by the purchase price, rounded up to the nearest whole share. The purchase price will be determined by dividing \$250.0 million, the pre-money valuation of Cycleron, by a number equal to the total number of (a) shares of Cycleron common stock outstanding, (b) Cycleron restricted stock units outstanding and (c) shares of Cycleron common stock issuable pursuant to the exercise of options outstanding (determined in accordance with the treasury stock method), in each case after giving effect to the distribution.

The shares issuable in the private placement are subject to a cap equal to 46% of the shares of Cycleron common stock outstanding (or a lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution), after giving effect to the issuance of shares in the private placement. In the event that the aggregate cash investment in the private placement would result in the issuance of shares of Cycleron common stock in excess of this cap, each investor's cash investment in the private placement would be reduced, on a pro rata basis, by an amount needed to result in the issuance in the aggregate of no more than 46% of the shares of Cycleron common stock outstanding (or such lower threshold determined by Ironwood and Cycleron to be necessary to preserve the tax-free nature of the distribution).

Pursuant to the purchase agreement, the completion of the private placement is subject to certain conditions, including, among other conditions, (i) the accuracy of certain representations and warranties, (ii) each party's performance of its covenants and agreements, (iii) the listing of Cycleron common stock on the Nasdaq Global Market, (iv) the absence of a material adverse effect on Cycleron, (v) the SEC declaring effective Cycleron's registration statement on Form 10 of which this information statement forms a part in substantially the form previously provided to the investors, (vi) the completion of the distribution, (vii) the receipt by Cycleron of an opinion from KPMG LLP that the separation and distribution, taken together, qualify as a reorganization under Section 368(a)(1)(D) of the Code, and except for cash received in lieu of any fractional shares, the distribution qualifies as tax-free under Section 355(a) of the Code to Ironwood Stockholders and as tax-free to Ironwood under Section 361 of the Code, and (viii) that the sale of shares of Cycleron common stock at the closing of the private placement, after giving effect to reductions (if any) to preserve the tax-free nature of the transaction, result in aggregate proceeds to Cycleron of at least \$150.0 million (subject to reduction for the amount of any investor commitment cutbacks necessary to ensure certain investors' aggregate ownership of Cycleron common stock does not exceed 9.99% of the total outstanding shares).

Representation and Warranties

The purchase agreement contains customary representations and warranties made by the investors to Cycleron, and customary representations and warranties made by Cycleron to the investors.

Covenants

Pursuant to the purchase agreement, Cycleron has various obligations before and after the closing, including, using commercially reasonable efforts to consummate the separation and distribution as soon as practicable following the date of the purchase agreement, using commercially reasonable efforts to make all timely filings under the Exchange Act to enable investors to sell their shares under Rule 144, using commercially reasonable efforts to avoid any integration with any other offer or sale of securities that would require registration under the Securities Act, delivering to each investor evidence of the book-entry issuance of the shares of Cycleron common stock purchased by such investor within three trading days of the closing date and timely filing a Form D and making all applicable securities and "Blue Sky" filings as may be required by federal and state securities laws.

Registration Rights

Pursuant to the terms of the purchase agreement, within five business days after the closing of the private placement, Cycleron will be required to file a shelf registration statement on Form S-1 with the SEC registering the resale of shares of Cycleron common stock held by the investors and to use commercially reasonable efforts to cause such shelf registration statement to become effective. Cycleron will pay all expenses associated with the shelf registration statement, except for underwriting discounts and commissions.

Cycleron will indemnify the investors for any damages arising out of or resulting from (a) any untrue or alleged untrue statement of a material fact contained in any registration statement under which shares of Cycleron common stock held by the investors are registered or sold or any other disclosure document produced by or on behalf of Cycleron or (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that such indemnity will not apply to any damages arising out of or resulting from any untrue statement or omission contained in any information relating to such investor furnished

in writing by an investor to the Company expressly for use in a registration statement, in which case, the investors will indemnify Cycleron for damages relating to such statements.

Termination

The purchase agreement will terminate immediately upon the termination of the separation agreement prior to the closing of the private placement, provided that if the closing of the private placement has not occurred on or before April 15, 2019, either Cycleron or the investors representing at least a majority of the shares of Cycleron common stock to be issued under the purchase agreement may terminate the purchase agreement upon written notice to Cycleron and each of the investors. In addition, if the closing of the private placement has not occurred on or before May 15, 2019, any investor may terminate the purchase agreement as to itself by written notice to the Company.

Related Party Transactions Policy

In connection with this separation, we plan to adopt a related party transactions policy that will govern the review and approval of related party transactions following this separation. Pursuant to this policy, if we want to enter into a transaction with a related party or an affiliate of a related party, our audit committee will review the proposed transaction to determine, based on applicable rules of Nasdaq and the SEC, whether such transaction requires pre-approval by our audit committee or our board of directors. If pre-approval is required, the proposed transaction will be reviewed at the next regular or special meeting of our audit committee or our board of directors, as applicable. We may not enter into a related party transaction unless our audit committee has specifically confirmed in writing that either no further reviews are necessary or that all requisite corporate reviews have been obtained.

Each of the agreements between us and Ironwood and its subsidiaries that have been entered into prior to the completion of this separation, and any transactions contemplated thereby, will be deemed to be approved and not subject to the terms of such policy.

SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Prior to the distribution, all of the outstanding shares of our common stock will be owned beneficially and of record by Ironwood. The following tables set forth information with respect to the expected beneficial ownership of our common stock immediately following the distribution and prior to giving effect to the private placement by: (i) each person who we believe will be a beneficial owner of more than five percent of our common stock, (ii) each of our expected directors and named executive officers and (iii) all of our expected directors and executive officers as a group. Except as noted below, we based the share amounts on each person's beneficial ownership of Ironwood common stock as of December 31, 2018, after giving effect to a distribution ratio of one share of Cycleron common stock for every 10 shares of Ironwood common stock. Immediately following the distribution, we estimate that 15,548,838 shares of our common stock will be issued and outstanding based on the number of shares of Ironwood common stock outstanding as of February 25, 2019. The actual number of our outstanding shares of our common stock issued in the distribution will be determined on March 19, 2019, the record date. Unless otherwise indicated, the address of each beneficial owner is in care of 301 Binney Street, Cambridge, MA 02142.

Security Ownership of Certain Beneficial Owners

Based solely on the information publicly available reporting beneficial ownership of Ironwood common stock, we anticipate the following shareholders will beneficially own more than five percent of our common stock following the distribution.

| <u>Name of Beneficial Owner</u> | <u>Number of Shares of Our Common Stock</u> | <u>Percent of Shares Outstanding</u> |
|------------------------------------|---|--------------------------------------|
| Wellington Management Group LLP(1) | 1,960,006 | 12.6% |
| FMR LLC (Fidelity)(2) | 1,487,236 | 9.6% |
| The Vanguard Group(3) | 1,336,055 | 8.6% |
| BlackRock, Inc.(4) | 1,231,756 | 7.9% |
| Brown Capital Management, LLC(5) | 1,012,933 | 6.5% |
| UBS Group AG(6) | 859,167 | 5.5% |

(1) 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 12, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, (i) each of Wellington, Wellington Group and Wellington Investment has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 1,183,989 of these shares, and shared dispositive power with respect to all of these shares and (ii) Wellington Management has sole voting and dispositive power with respect to none of these shares, shared voting power with respect to 1,144,593 of these shares, and shared dispositive power with respect to 1,807,923 of these shares. The address of the Wellington Entities is c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210.

(2) Based upon the information provided by FMR LLC ("FMR") and Abigail P. Johnson in a Schedule 13G/A filed on February 13, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, (i) FMR has sole voting power with respect to 346,621 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.

- (3) Based upon the information provided by The Vanguard Group (“Vanguard”) in a Schedule 13G/A filed on February 13, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, Vanguard has sole voting power with respect to 29,152 of these shares, sole dispositive power with respect to 1,306,340 of these shares, shared voting power with respect to 1,940 of these shares and shared dispositive power with respect to 29,715 of these shares. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) Based upon the information provided by BlackRock, Inc. (“BlackRock”) in a Schedule 13G/A filed on February 4, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, BlackRock has sole voting power with respect to 1,187,450 of these shares, sole dispositive power with respect to all of these shares, and shared voting and shared dispositive power with respect to none of these shares. The address of BlackRock is 55 East 52nd Street, New York, NY 10055.
- (5) Based upon the information provided by Brown Capital Management, LLC (“Brown”) in a Schedule 13G/A filed on February 14, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, Brown has sole voting power with respect to 644,989 of these shares, sole dispositive power with respect to all of these shares and shared voting and shared dispositive power with respect to none of these shares. The address of Brown is 1201 N. Calvert Street, Baltimore, MD 21202.
- (6) Based upon the information provided by UBS Group AG (“UBS”) in a Schedule 13G/A filed on February 13, 2019, reporting ownership of Ironwood common stock as of December 31, 2018. According to the information included in this Schedule 13G/A, UBS has sole voting power with respect to 763,237 of these shares, shared dispositive power with respect to all of these shares, and shared voting and sole dispositive power with respect to none of these shares. The address of UBS is Bahnhofstrasse 45. Zurich, Switzerland.

Security Ownership of Directors and Executive Officers

The following table provides information regarding beneficial ownership of our named executive officers, our expected directors and all of our expected directors and executive officers as a group as of December 31, 2018.

| Name of Beneficial Owner | Number of Shares of Our Common Stock(1) | Percent of Shares Outstanding |
|--|--|-------------------------------------|
| Peter M. Hecht, Ph.D.(2) | 471,146 | 3.0% |
| Mark G. Currie, Ph.D. | 80,512 | * |
| William Huyett | 6,825 | * |
| Kevin Churchwell | — | — |
| George Conrades | 1,913 | * |
| Marsha Fanucci | 13,671 | * |
| Ole Isacson | — | — |
| Stephanie Lovell | — | — |
| Terrance McGuire(3) | 14,823 | * |
| Michael Mendelsohn | — | — |
| Amy Schulman | 4,211 | * |
| Directors and Officers as a Group (11 persons) | 593,101 | 3.8% |

* Less than one percent

- (1) Does not include shares of Cycleron common stock that may be issued upon exercise or settlement of Cycleron equity awards that will be converted from Ironwood equity awards in connection with the distribution, as the conversion ratio is not currently calculable and such shares will not affect the beneficial ownership of our directors and named executive officers at the time of the distribution unless the equity awards are exercised or settled prior to the record date of the distribution.
- (2) Includes 1,455 shares of Cycleron common stock held in trusts for the benefit of Dr. Hecht's children and of which Dr. Hecht may be deemed the beneficial owner.
- (3) Includes 162 shares of Cycleron common stock held by Polaris Venture Management Co. II, L.L.C. and 6,911 shares of Cycleron 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.

Overview

On May 1, 2018, Ironwood announced its plans to separate its sGC business from its commercial and gastrointestinal businesses through a pro rata distribution of Cycleron common stock to stockholders of Ironwood. The distribution is intended to be generally tax-free for U.S. federal income tax purposes.

In furtherance of this plan, on March 6, 2019, Ironwood's board of directors approved the distribution of all of the issued and outstanding shares of Cycleron common stock on the basis of one share of Cycleron common stock for every 10 shares of Ironwood common stock issued and outstanding as of the close of business on March 19, 2019, the record date for the distribution. As a result of the distribution, Cycleron and Ironwood will become two independent, publicly traded companies.

On April 1, 2019, the distribution date, each Ironwood stockholder will receive one share of Cycleron common stock for every 10 shares of Ironwood common stock held of record at the close of business on the record date, as described below. Registered stockholders will receive cash in lieu of any fractional shares of Cycleron common stock that they would have received as a result of the application of the distribution ratio. Stockholders will not be required to make any payment, surrender or exchange their Ironwood common stock or take any other action to receive shares of Cycleron common stock in the distribution.

The distribution of Cycleron common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under "—Conditions to the Distribution."

Reasons for the Separation

Ironwood's board of directors determined that separating the sGC business from Ironwood would be in the best interests of Ironwood and its stockholders and approved the plan of separation. A wide variety of factors were considered by Ironwood's board of directors in evaluating the separation. Among other things, Ironwood's board of directors considered the following potential benefits of the separation:

- the separation will allow each business to pursue its own operational and strategic priorities and more quickly respond to trends, developments and opportunities in its respective markets;
- the separation will create two separate and distinct management teams focused on each business's unique strategic priorities, target markets and corporate development opportunities;
- the separation will give each business opportunity and flexibility by pursuing its own investment, capital allocation and growth strategies consistent with its long-term objectives;
- the separation will enable the boards and management teams of each business to better align corporate performance goals with the specific vision, strategy and objectives of each business; and
- the separation will allow investors to separately value each business based on the unique merits, performance and future prospects of each business, providing investors with two distinct investment opportunities.

Ironwood's board of directors also considered a number of potentially negative factors in evaluating the separation, including the following factors impacting Cycleron:

- Ironwood and Cycleron may not achieve the anticipated benefits of the separation for a variety of reasons, including: (i) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing the Ironwood and Cycleron businesses and (ii) following the separation, each business will be less diversified than Ironwood's business prior to the separation;
- costs and liabilities that were less significant to Ironwood as a whole will be more significant for Cycleron as a standalone company, and after the distribution, as a separate, independent entity, Cycleron may be unable to obtain goods, services and technologies at prices or on terms as favorable as those Ironwood obtained prior to the distribution;
- Cycleron will incur costs in connection with the transition to being a standalone public company that will include establishment of accounting, tax, auditing, legal and other professional services costs, recruiting and relocation costs associated with hiring personnel new to Cycleron and costs to separate information systems;
- under the terms of the tax matters agreement that Cycleron intends to enter into with Ironwood, for a period of two years following the distribution, Cycleron will be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes, which may limit Cycleron's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business; and
- the trading prices of Cycleron and Ironwood common stock following the separation, and whether the combined market value of shares of Cycleron common stock and shares of Ironwood common stock will be less than, equal to, or greater than the market value of shares of Ironwood common stock prior to the separation, cannot be predicted with certainty.

Ironwood's board of directors concluded that the potential benefits of the separation outweighed these factors. However, neither Ironwood nor Cycleron can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For more information on the risks involved in the separation process, see "Risk Factors—Risks Related to the Separation and the Private Placement."

Formation of a Holding Company Prior to the Distribution

In connection with and prior to the distribution, Cycleron was incorporated by Ironwood in the Commonwealth of Massachusetts on September 6, 2018, for the purpose of holding Ironwood's sGC business in connection with the separation described herein. As part of the plan to create two independent public companies, Ironwood plans to transfer the assets and liabilities of the sGC business to Cycleron and its subsidiaries prior to the distribution through an internal reorganization.

When and How You Will Receive the Distribution

With the assistance of the distribution agent, Ironwood expects to distribute Cycleron common stock on April 1, 2019, the distribution date, to all holders of outstanding Ironwood common stock as of the close of business on March 19, 2019, the record date. Computershare Trust Company, N.A. will serve as the distribution agent in connection with the distribution.

If you own Ironwood common stock as of the close of business on the record date, Cycleron common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If

you are a registered holder, the distribution agent or the transfer agent will then mail you a direct registration account statement that reflects your shares of Cycleron common stock. “Direct registration form” refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Ironwood common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Cycleron common stock that have been registered in book-entry form in your name, and the distribution agent will mail you a check for any cash in lieu of fractional shares you are entitled to receive. If you sell Ironwood common stock in the “regular way” market up to and including the distribution date, you will be selling your right to receive shares of Cycleron common stock in the distribution.

Most Ironwood stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your Ironwood common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Cycleron common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

Results of the Distribution

After its separation from Ironwood, Cycleron will be an independent, publicly traded company. The actual number of shares to be distributed will be determined on March 19, 2019, the record date for the distribution, and will reflect any exercise of Ironwood options between the date the Ironwood board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of Ironwood common stock or any rights of Ironwood’s stockholders. Ironwood will not distribute any fractional shares of Cycleron common stock.

Prior to the distribution, Cycleron intends to enter into a separation agreement and other agreements with Ironwood to effect the separation and govern Cycleron’s relationship with Ironwood after the separation. These agreements will provide for the allocation between Ironwood and Cycleron of Ironwood’s assets, liabilities and obligations (including employee benefits, intellectual property and tax-related assets and liabilities) attributable to periods prior to and after Cycleron’s separation from Ironwood and will govern certain relationships between Ironwood and Cycleron after the separation. For a more detailed description of these agreements, see “Certain Relationships and Related Person Transactions—Agreements with Ironwood.”

The Number of Shares of Cycleron Common Stock You Will Receive

For every 10 shares of Ironwood common stock that you own at the close of business on March 19, 2019, the record date, you will receive one share of Cycleron common stock on the distribution date. Ironwood will not distribute any fractional shares of Cycleron common stock to its stockholders. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise have been entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Ironwood or Cycleron, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Computershare Trust Company, N.A. is not an affiliate of either Ironwood or Cycleron. Any broker-dealer used by the transfer agent will not be an affiliate of either

Ironwood or Cyclerion. Neither Cyclerion nor Ironwood will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds distributed to Ironwood stockholders in lieu of fractional shares will be taxable for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for Ironwood common stock and are the record holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. Cyclerion estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Ironwood common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will distribute to your account your share of such proceeds.

Transferability of Shares You Receive

Shares of Cyclerion common stock distributed to holders through the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be Cyclerion affiliates. Persons who may be deemed to be Cyclerion’s affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Cyclerion, which may include certain of Cyclerion executive officers, directors or principal shareholders. Securities held by Cyclerion affiliates will be subject to resale restrictions under the Securities Act. Cyclerion affiliates will be permitted to sell shares of Cyclerion common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 promulgated under the Securities Act.

Market for Cyclerion Common Stock

There is currently no public trading market for Cyclerion common stock. Cyclerion has applied to have its common stock authorized for listing on the Nasdaq Global Market under the symbol “CYCN.” Cyclerion has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

Cyclerion cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Cyclerion common stock that each Ironwood stockholder will receive in the distribution and Ironwood common stock held at the record date may not equal the “regular way” trading price of a share of Ironwood common stock immediately prior to the distribution. The price at which Cyclerion common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Cyclerion common stock will be determined in the public markets and may be influenced by many factors. See “Risk Factors—Risks Related to Ownership of Our Common Stock.”

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and including through the distribution date, we expect that there will be two markets in Ironwood common stock: a “regular way” market and an “ex-distribution” market. Shares of Ironwood common stock that trade on the “regular way” market will trade with an entitlement to Cyclerion common stock distributed pursuant to the separation. Shares of Ironwood common stock that trade on the “ex-distribution” market will trade without an entitlement to Cyclerion common stock distributed pursuant to the distribution. Therefore, if you sell Ironwood common stock in the “regular way” market up to and including through the distribution date, you will be selling your right to receive Cyclerion common stock in the distribution. If

you own Ironwood common stock at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive the shares of Cyclерion common stock that you are entitled to receive pursuant to your ownership as of the record date of Ironwood common stock.

Furthermore, we anticipate that trading in our common stock will begin on a “when issued” basis on or shortly before the record date for the distribution and will continue up to and including the distribution date. “When issued” trading in the context of a separation refers to a sale or purchase made conditionally on or before the distribution date because the securities of the separated entity have not yet been distributed. The “when issued” trading market will be a market for Cyclерion common stock that will be distributed to holders of Ironwood common stock on the distribution date. If you owned Ironwood common stock at the close of business on the record date, you would be entitled to Cyclерion common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Cyclерion common stock, without Ironwood common stock you own, on the “when issued” market. On the first trading day following the distribution date, “when issued” trading with respect to Cyclерion common stock will end, and “regular way” trading will begin.

Conditions to the Distribution

Cyclерion expects that the distribution will be effective at 12:01 a.m., Eastern Time, on April 1, 2019, the distribution date, provided that certain conditions shall have been satisfied or waived by Ironwood in its sole and absolute discretion:

- the SEC declaring effective Cyclерion’s registration statement on Form 10 of which this information statement forms a part, and no stop order relating to the registration statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC, and the distribution of the information statement (or the Notice of Internet Availability of the Information Statement) to all holders of record of shares of Ironwood common stock as of the close of business on the record date;
- the shares of Cyclерion common stock to be distributed shall have been accepted for listing by Nasdaq, subject to official notice of distribution;
- the receipt and continuing validity of either (i) a private letter ruling from the IRS and an opinion from KPMG LLP, both satisfactory to Ironwood’s board of directors, together confirming that the distribution, together with certain related transactions generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, or (ii) an opinion of KPMG LLP, satisfactory to Ironwood’s board of directors, confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;
- the receipt and continuing validity of an opinion from an independent appraisal firm to Ironwood’s board of directors, that is in form and substance acceptable to Ironwood in its sole and absolute discretion, confirming the solvency of Cyclерion after the distribution and, as to the compliance by Ironwood in declaring to pay the distribution, with surplus requirements under Delaware corporate law;
- all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution shall have been received;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the distribution or any of the related transactions shall be pending, threatened, issued or in effect;

- the board of directors of Ironwood shall have declared the distribution and approved all related transactions (and such declaration and approval not having been withdrawn);
- Cyclerion shall have executed and delivered the transaction agreements relating to the separation; and
- no other event or development existing or having occurred that, in the sole and absolute judgment of Ironwood's board of directors, makes it inadvisable to effect the distribution and other related transactions.

Ironwood and Cyclerion cannot assure you that any or all of these conditions will be met and, to the extent permissible under applicable law, Ironwood in its sole discretion may waive any of the conditions to the distribution. In addition, Ironwood will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date and the distribution ratio. Ironwood does not intend to notify its stockholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the Ironwood board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Ironwood board of directors determines that any modifications by Ironwood materially change the material terms of the distribution or to abandon the distribution, Ironwood will notify Ironwood stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a Current Report on Form 8-K, or circulating a supplement to this information statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the distribution of Cycleron common stock to “U.S. holders” (as defined below) of Ironwood common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as in effect on the date of this information statement, and all of which are subject to differing interpretation and change at any time, possibly with retroactive effect. This discussion applies only to U.S. holders of shares of Ironwood common stock who hold such shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation agreement and the other separation-related agreements and as described in this information statement. This summary is for general information only and is not tax advice. It does not discuss all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) that hold Ironwood common stock, pass-through entities (or investors therein), traders in securities who elect to apply a mark-to-market method of accounting, stockholders who hold Ironwood common stock as part of a “hedge,” “straddle,” “conversion,” “synthetic security,” “integrated investment” or “constructive sale transaction,” individuals who receive Ironwood or Cycleron common stock upon the exercise of employee stock options or otherwise as compensation, holders who are liable for the alternative minimum tax or any holders who actually or constructively own 5% or more of Ironwood’s common stock). This discussion also does not address any tax consequences arising under the unearned Medicare contribution tax pursuant to Section 1411 of the Code, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. The distribution may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds Ironwood common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of Ironwood common stock that are partnerships and partners in such partnerships should consult their own tax advisors about the U.S. federal income tax consequences of the distribution.

For purposes of this discussion, a “U.S. holder” is any beneficial owner of Ironwood common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, (i) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) that has a valid election in place under applicable Treasury Regulations to be treated as a United States person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL

INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

Ironwood has received a favorable private letter ruling from the IRS under the pilot program established in Revenue Procedure 2017-52 relating to the U.S. federal income tax treatment of the distribution. Consistent with the practices set forth in Revenue Procedure 2017-52, the IRS private letter ruling does not cover all of the issues that are relevant to determining whether the distribution is generally tax free for U.S. federal income tax purposes, including whether the distribution (i) satisfies the business purpose requirement in Section 1.355-2(b) of the Treasury Regulations, (ii) is used principally as a device for the distribution of the earnings and profits of Ironwood or Cyclerion or both or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Ironwood or Cyclerion, or any predecessor, within the meaning of Section 1.355-8T of the Treasury Regulations. Accordingly, it is a condition to the distribution that Ironwood receive an opinion of KPMG LLP, satisfactory to Ironwood's board of directors, confirming that the distribution, together with certain related transactions, generally is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The IRS private letter ruling is, and any opinion of KPMG LLP will be, based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings from us and Ironwood (including those relating to the past and future conduct of us and Ironwood). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if we or Ironwood breach any of our respective covenants relating to the separation, the IRS private letter ruling and any tax opinion may be invalid. Accordingly, notwithstanding receipt of the IRS private letter ruling and an opinion of KPMG LLP, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any such opinion was based are false or have been violated. In addition, an opinion of KPMG LLP represents the judgment of KPMG LLP, which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by Ironwood of the tax opinion and the IRS private letter ruling, the IRS could assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Ironwood, Cyclerion and Ironwood stockholders could be subject to significant U.S. federal income tax liability. See “—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction that is Generally Tax-Free Under Sections 355 and 368(a)(1)(D) of the Code

Assuming the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution generally are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of Ironwood as a result of the distribution, other than with respect to any “excess loss account” or “intercompany transaction” required to be taken into account by Ironwood under U.S. Treasury regulations relating to consolidated federal income tax returns;
- no gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of Ironwood common stock, upon the receipt of Cyclerion common stock in the distribution, except with respect to any cash received in lieu of fractional shares of Cyclerion common stock (as described below);

- the aggregate tax basis of the Ironwood common stock and the Cyclerion common stock received in the distribution (including any fractional share interest in Cyclerion common stock for which cash is received) in the hands of each U.S. holder of Ironwood common stock immediately after the distribution will equal the aggregate basis of Ironwood common stock held by the U.S. holder immediately before the distribution, allocated between the Ironwood common stock and the Cyclerion common stock (including any fractional share interest in Cyclerion common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution; and
- the holding period of the Cyclerion common stock received by each U.S. holder of Ironwood common stock in the distribution (including any fractional share interest in Cyclerion common stock for which cash is received) will generally include the holding period at the time of the distribution for the Ironwood common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of Cyclerion common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder's adjusted tax basis in such fractional share. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its Ironwood common stock exceeds one year at the time of distribution.

If a U.S. holder of Ironwood common stock holds different blocks of Ironwood common stock (generally shares of Ironwood common stock acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Cyclerion common stock received in the distribution in respect of particular blocks of Ironwood common stock.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

As discussed above, notwithstanding receipt by Ironwood of the private letter ruling from the IRS and an opinion of KPMG LLP, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, the consequences described above would not apply and Ironwood, Cyclerion and Ironwood stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of Ironwood or Cyclerion could cause the distribution and certain related transactions to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Cyclerion may be required to indemnify Ironwood for taxes (and certain related losses) resulting from the distribution and certain related transactions not qualifying as tax-free for U.S. federal income tax purposes.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, in general, Ironwood would recognize taxable gain as if it had sold the Cyclerion common stock that was distributed by Ironwood in the distribution, in a taxable sale for its fair market value (unless Ironwood and Cyclerion jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (i) the Ironwood group would recognize taxable gain as if Cyclerion had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of 100% of the Cyclerion common stock and the assumption of all Cyclerion's liabilities and (ii) Cyclerion would obtain a related step up in the basis of its assets), such gain may be partially or fully offset by Ironwood's net operating loss carryforward and Ironwood stockholders who receive shares of Cyclerion common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were otherwise to qualify as tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to Ironwood under

Section 355(e) of the Code if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in Ironwood or Cyclorion. Under the terms of the common stock purchase agreement, the investors in the private placement will acquire up to 46% of Cyclorion's common stock on a basic shares outstanding method (which is the percentage likely to be used for purposes of this test). For purposes of this test, the private placement will generally be treated as part of such a plan or series of transactions, although some portion of the private placement may be excluded from such treatment if investors who owned shares of Ironwood common stock immediately prior to the distribution participate in the private placement to maintain their respective ownership held immediately prior to the private placement. Nonetheless, the rules governing such exclusions are complex, and there can be no assurance given as to the amount or percentage of the private placement that will be excluded from such treatment under these rules. Thus, a relatively minor additional change in the ownership of the Cyclorion common stock (or, prior to the distribution, in the Ironwood common stock) could trigger a prohibited change in control, resulting in a significant amount of taxable gain for Ironwood under Section 355 of the Code (as a result of which Cyclorion would be required to indemnify Ironwood under the tax matters agreement, as discussed below), if that additional ownership change and the portion of the private placement that must be taken into account were each considered to be part of a plan or series of related transactions that included the distribution and, in the aggregate, resulted in a 50% or greater change in ownership of Cyclorion common stock, as determined under the Code and applicable Treasury regulations. The process for determining whether a prohibited change in control has occurred under the rules is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If Cyclorion or Ironwood does not carefully monitor its compliance with these rules, it might inadvertently cause or permit a prohibited change in the ownership of Cyclorion or of Ironwood to occur. Furthermore, sales and/or acquisitions by the investors in the private placement (or by other persons) of Cyclorion or Ironwood common stock after completion of the distribution (or Ironwood common stock before the distribution) could potentially trigger a prohibited change of control in Cyclorion or Ironwood. For purposes of these rules, any acquisitions of Ironwood or Cyclorion shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Ironwood or Cyclorion may be able to rebut that presumption based on the facts or circumstances or under regulatory safe harbors.

In connection with the distribution, Cyclorion and Ironwood will enter into a tax matters agreement pursuant to which Cyclorion will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, and if and to the extent that such failure results from a prohibited change of control in Ironwood under Section 355(e) of the Code or an acquisition of Ironwood stock or assets or certain actions, omissions or failures to act, by Ironwood, then Ironwood will bear any resulting taxes, interest, penalties and other costs. If and to the extent that such failure results from a prohibited change of control in Cyclorion under Section 355(e) of the Code or an acquisition of Cyclorion stock or assets or certain actions by Cyclorion, then Cyclorion will indemnify Ironwood for any resulting taxes, interest, penalties and other costs, including any reductions in Ironwood's net operating loss carryforwards or other tax assets. If such failure does not result from a prohibited change of control in Ironwood or Cyclorion under Section 355(e) of the Code and both Cyclorion and Ironwood are responsible for such failure, liability will be shared according to relative fault. If neither Cyclorion nor Ironwood is responsible for such failure, Ironwood will bear any resulting taxes, interest, penalties and other costs. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Agreements with Ironwood—Tax Matters Agreement." The indemnification obligations of Cyclorion to Ironwood under the tax matters agreement are not expected to be limited in amount or subject to any

cap. If Cycleron is required to pay any taxes or indemnify Ironwood and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Cycleron may be subject to substantial liabilities.

Backup Withholding and Information Reporting

Payments of cash to U.S. holders of Ironwood common stock in lieu of fractional shares of Cycleron common stock may be subject to information reporting and backup withholding (currently, at a rate of 24%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

DESCRIPTION OF CYCLERION'S CAPITAL STOCK

General

The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our articles of organization and bylaws that will be in effect at the closing of this separation, which have been filed as exhibits to the Form 10 of which this information statement is a part, and to the applicable provisions of the MBCA. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this separation.

Upon the closing of this separation and the filing of our articles of organization, our authorized capital stock will consist of 400,000,000 shares of our common stock and 100,000,000 shares of our preferred stock, all of which preferred stock will be undesignated.

As of December 31, 2018, we had 100 shares of common stock and no shares of preferred stock issued and outstanding and had one shareholder of record.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as our board of directors may from time to time determine.

Voting Rights

Each outstanding share of common stock will be entitled to one vote on all matters submitted to a vote of shareholders. Holders of shares of our common stock shall have no cumulative voting rights.

Preemptive Rights

Our common stock will not be entitled to preemptive or other similar subscription rights to purchase any of our securities.

Conversion or Redemption Rights

Our common stock will be neither convertible nor redeemable.

Liquidation Rights

Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Listing

We have applied to have our common stock listed on the Nasdaq Global Market under the trading symbol "CYCN."

Preferred Stock

Our board of directors may, without further action by our shareholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges and relative participating, optional or special rights as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than

the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without shareholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock. Upon consummation of this separation, there will be no shares of preferred stock outstanding, and we have no present intention to issue any shares of preferred stock.

Anti-takeover Effects of Our Articles of Organization and Our Bylaws

Upon completion of the separation, our articles of organization and bylaws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors but which may have the effect of delaying, deferring or preventing a future takeover or change in control of us unless such takeover or change in control is approved by our board of directors.

These provisions include:

Action by written consent; special meetings of shareholders. Our articles of organization will provide that shareholder action can be taken only at an annual or special meeting of shareholders or by the unanimous written consent of all shareholders in lieu of such a meeting. Our articles of organization and the bylaws will also provide that, except as otherwise required by law, special meetings of the shareholders can only be called pursuant to a resolution adopted by a majority of our board of directors or holders of at least 40% of our then outstanding common stock. Except as described above, shareholders will not be permitted to call a special meeting or to require our board of directors to call a special meeting.

Advance notice procedures. Our bylaws will establish an advance notice procedure for shareholder proposals to be brought before an annual meeting of our shareholders, including proposed nominations of persons for election to the board of directors. Shareholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a shareholder who was a shareholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the shareholder's intention to bring that business before the meeting. Although the bylaws will not give our board of directors the power to approve or disapprove shareholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of us.

Proxy Access. Our bylaws will provide that a shareholder or a group of shareholders meeting certain conditions may nominate candidates for election as a director at an annual meeting of our shareholders using "proxy access" provisions. These provisions will allow one or more shareholders (up to 20, collectively), owning at least 3% of our outstanding common stock continuously for at least three years, to nominate for election to our board of directors and to be included in our proxy materials up to the greater of two individuals or 20% of our board of directors, subject to the provisions to be included in our bylaws, including the provision of timely written notice to our Secretary.

Number of directors and filling vacancies; election of directors. Our articles of organization will provide that the number of directors will be established by the board of directors. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office. The ability of our board of directors to increase the number of directors and fill any vacancies may make it more difficult for our shareholders to change the composition of our board of directors. Our bylaws will provide that a majority of the votes properly cast for the election of a director shall effect such election unless there are more nominees than directorships, in which case a plurality standard shall apply.

Authorized but unissued shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without shareholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Exclusive forum. Our articles of organization will require, to the fullest extent permitted by law, that derivative actions brought in the name of Cycleron, actions against our directors, officers and employees for breach of a fiduciary duty and other similar actions may be brought only in specified courts in the Commonwealth of Massachusetts. Although we believe this provision benefits us by providing increased consistency in the application of Massachusetts law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. See “Risk Factors—Our articles of organization designate the state and federal courts located within the Commonwealth of Massachusetts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against us and our directors and officers.”

Anti-Takeover Provisions under Massachusetts Law

Provisions Regarding Business Combinations

Upon completion of this separation, we will be subject to the provisions of Chapter 110F of the MBCA. In general, Chapter 110F prohibits a publicly held Massachusetts corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, five percent or more of the corporation’s voting stock.

Under Chapter 110F, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions: before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 90% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or at or after the time the stockholder became interested, the business combination was approved by our board of directors of the

corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Massachusetts corporation may “opt out” of these provisions with an express provision in its original articles of organization or an express provision in its articles of organization or bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Provisions Regarding a Classified Board of Directors

Section 8.06(b) of the MBCA provides that, unless a company opts out of such provision, the terms of directors of a public Massachusetts company shall be staggered by dividing the directors into three groups, as nearly equal in number as possible, with only one group of directors being elected each year. We have opted out of this default requirement for a classified board of directors, and following the separation we expect that all of our directors will serve for one-year terms and will be elected annually.

Pursuant to Section 8.06(c)(2) of the MBCA, however, our board of directors may unilaterally opt back into default requirements under Section 8.06(b) of the MBCA and become a classified board of directors without the approval of our stockholders. Sections 8.06(d) and (e) of the MBCA provide that when a board of directors is so classified, (i) stockholders may remove directors only for cause, (ii) the number of directors shall be fixed only by the vote of the board of directors, (iii) vacancies and newly created directorships shall be filled solely by the affirmative vote of a majority of the remaining directors and (iv) a decrease in the number of directors will not shorten the term of any incumbent director. If our board of directors opts into this classified structure in the future, these provisions are likely to increase the time required for stockholders to change the composition of our board of directors. For example, at least two annual meetings would generally be necessary for stockholders to effect a change in a majority of the members of our board of directors. As a result, the ability of our board of directors to adopt a classified structure in the future without the approval of our stockholders could have the effect of discouraging a potential acquirer from making a tender offer for a majority of the outstanding voting interest of our capital stock or otherwise attempting to obtain control of Cycleron.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

Indemnification of Directors and Officers

Our articles of organization will provide that the liability of our directors for damages for any breach of fiduciary duty shall be limited to the fullest extent permitted by law. Our bylaws will also provide that we will indemnify, and advance funds to and reimburse expenses of, our directors and officers that have been appointed by our board of directors to the fullest extent permitted by law, and that we may indemnify, and advance funds to and reimburse expenses of, such other officers and employees as determined by our board of directors. The right of indemnification provided under our bylaws will be in addition to and not exclusive of any other rights to which any of our directors, officers or any other persons may otherwise be lawfully entitled. We also expect to enter into indemnification agreements with our directors and officers, and we will carry insurance policies insuring our directors and officers against certain liabilities that they may incur in their capacity as directors and officers.

Part 8 of the MBCA authorizes the provisions, described above, that will be contained in our articles of organization and bylaws. In addition, Sections 8.30 and 8.42 of the MBCA provide that if an

officer or director discharges his or her duties in good faith and with the care that a person in a like position would reasonably exercise under similar circumstances and in a manner the officer or director reasonably believes to be in the best interests of the corporation, he or she will not be liable for such action.

Sale of Unregistered Securities

On September 6, 2018, in connection with the formation of Cyclerion Therapeutics, Inc., we issued 100 shares of our common stock to Ironwood pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of such shares under the Securities Act because the issuance did not constitute a public offering.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and our common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov.

As a result of the distribution, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC, which will be available at www.sec.gov.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cycleron Therapeutics, Inc.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of Cycleron Therapeutics, Inc. (the Company) as of December 31, 2018 and 2017, and the related combined statements of operations, net parent investment, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

The Company’s Ability to Continue as a Going Concern

The accompanying combined financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, has a working capital deficiency, and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding these matters are also described in Note 1. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2018.

Boston, Massachusetts

March 4, 2019

Cyclerion Therapeutics, Inc.
Combined Balance Sheets
(In thousands)

| | December 31, | |
|--|--------------|----------|
| | 2017 | 2018 |
| ASSETS | | |
| Current assets: | | |
| Prepaid expenses | \$ 1,251 | \$ 867 |
| Other current assets | 8 | 12 |
| Total current assets | 1,259 | 879 |
| Property and equipment, net | 4,131 | 6,497 |
| Other assets | 80 | 25 |
| Total assets | \$ 5,470 | \$ 7,401 |
| LIABILITIES AND NET PARENT INVESTMENT | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,802 | \$ 2,781 |
| Accrued research and development costs | 4,905 | 5,261 |
| Accrued expenses and other current liabilities | 7,330 | 9,804 |
| Total current liabilities | 14,037 | 17,846 |
| Net parent investment: | | |
| Net parent investment | (8,567) | (10,445) |
| Total liabilities and net parent investment | \$ 5,470 | \$ 7,401 |

The accompanying notes are an integral part of these combined financial statements.

Cyclerion Therapeutics, Inc.
Combined Statements of Operations
(In thousands)

| | Years Ended December 31, | |
|----------------------------|-----------------------------|--------------|
| | 2017 | 2018 |
| Cost and expenses: | | |
| Research and development | \$ 78,803 | \$ 87,716 |
| General and administrative | 15,119 | 27,536 |
| Total cost and expenses | 93,922 | 115,252 |
| Loss from operations | (93,922) | (115,252) |
| Net loss | \$ (93,922) | \$ (115,252) |

The accompanying notes are an integral part of these combined financial statements.

Cyclerion Therapeutics, Inc.
Combined Statements of Net Parent Investment
(In thousands)

| | Parent Company Net Investment |
|---|--|
| Ending Parent company net investment as of December 31, 2016 | \$ (6,761) |
| Net loss | (93,922) |
| Net transfers from Parent | 82,622 |
| Parent allocation—Share-based compensation | 9,494 |
| Ending Parent company net investment as of December 31, 2017 | (8,567) |
| Net loss | (115,252) |
| Net transfer from Parent | 100,941 |
| Parent allocation—Share-based compensation | 12,433 |
| Ending Parent company net investment as of December 31, 2018 | \$ (10,445) |

The accompanying notes are an integral part of these combined financial statements.

Cyclerion Therapeutics, Inc.
Combined Statements of Cash Flows
(In thousands)

| | Year Ended December 31, | |
|---|----------------------------|-----------------|
| | 2017 | 2018 |
| Cash flows from operating activities: | | |
| Net loss | \$ (93,922) | \$ (115,252) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,745 | 1,528 |
| Share-based compensation expense | 9,494 | 12,433 |
| Changes in assets and liabilities: | | |
| Prepaid expenses | (1,034) | 384 |
| Other current assets | 50 | (4) |
| Other assets | (80) | 55 |
| Accounts payable | 392 | 979 |
| Accrued research and development costs | 2,692 | 356 |
| Accrued expenses and other current liabilities | (555) | 2,018 |
| Net cash used in operating activities | <u>(81,218)</u> | <u>(97,503)</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,404) | (3,438) |
| Net cash used in investing activities | <u>(1,404)</u> | <u>(3,438)</u> |
| Cash flows from financing activities: | | |
| Transfer from Parent Company | 82,622 | 100,941 |
| Net cash provided by financing activities | <u>82,622</u> | <u>100,941</u> |
| Net increase (decrease) in cash and cash equivalents | — | — |
| Cash and cash equivalents, beginning of period | \$ — | \$ — |
| Cash and cash equivalents, end of period | <u>\$ —</u> | <u>\$ —</u> |
| Supplemental cash flow disclosure: | | |
| Non-cash investing activities | | |
| Fixed asset purchases in accounts payable and accrued expenses | <u>\$ 872</u> | <u>\$ 455</u> |

The accompanying notes are an integral part of these combined financial statements.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements

1. Nature of Business

Nature of Operations

Cyclerion Therapeutics, Inc. (“Cyclerion” or the “Company”) is a clinical-stage biopharmaceutical company harnessing the power of soluble guanylate cyclase (“sGC”) pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Cyclerion’s focus is enabling the full therapeutic potential of next-generation sGC stimulators. The Company’s strategy rests on a solid scientific foundation that is enabled by our people and capabilities, external collaborations, and a responsive capital allocation approach.

The Separation

In May 2018, Ironwood Pharmaceuticals, Inc. (“Ironwood” or the “Parent”) announced its plans to separate its sGC business from its commercial and gastrointestinal business through a pro rata distribution of Cyclerion’s common stock to stockholders of Ironwood. As a part of the separation, Ironwood intends to transfer the assets, liabilities and operations of its sGC stimulator and discovery research business to Cyclerion, pursuant to the terms of a separation agreement, to be entered into between Ironwood and Cyclerion. On the distribution date, each Ironwood stockholder will receive one share of Cyclerion’s common stock for every 10 shares of Ironwood common stock held at the close of business on the record date for the distribution. Registered stockholders will receive cash in lieu of any fractional shares of Cyclerion’s common stock that they would have received as a result of the application of the distribution ratio. Following the distribution, Cyclerion will operate as a separate, independent, publicly traded company. The separation is expected to be completed in the first half of 2019, subject to customary market, regulatory, and other considerations. The separation is anticipated to be tax-free to Ironwood stockholders. Accordingly, after the anticipated tax-free separation all of the related tax attributes of Ironwood will remain with Ironwood.

Basis of Presentation

The accompanying combined financial statements have been prepared on a stand-alone basis and are derived from Ironwood’s consolidated financial statements and accounting records. The combined financial statements reflect the historical results of the operations, financial position and cash flows of Cyclerion, in conformity with United States generally accepted accounting principles (“U.S. GAAP”).

These combined financial statements of Cyclerion reflect the assets, liabilities, and expenses directly attributable to Cyclerion, as well as allocations of certain corporate level assets, liabilities and expenses, deemed necessary to fairly present the financial position, results of operations and cash flows of Cyclerion, as discussed further below. As such, these allocations may not be indicative of the actual amounts that would have been recorded had Cyclerion operated as an independent, publicly traded company for the periods presented.

As part of Ironwood, Cyclerion was dependent upon Ironwood for all of its working capital and financing requirements, as Ironwood uses a centralized approach to cash management and financing its operations. There were no cash amounts specifically attributable to Cyclerion for the historical periods presented; therefore, there is no cash reflected in the combined financial statements. Accordingly, cash and cash equivalents, debt or related interest expense have not been allocated to Cyclerion in the combined financial statements. Financing transactions related to Cyclerion are accounted for as a component of Net Parent Investment in the combined balance sheets and as a financing activity on the accompanying combined statements of cash flows. Cyclerion’s combined financial statements include an

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

1. Nature of Business (Continued)

allocation of expenses related to certain Ironwood corporate functions, including senior management, legal, human resources, finance, information technology and quality assurance. These expenses have been allocated to Cyclerion based on direct usage or benefit where identifiable, with the remainder allocated pro-rata based on project related costs, headcount or other measures. These allocations may not be indicative of the actual expense that would have been incurred had Cyclerion operated as an independent, publicly traded company for the periods presented. See Notes 9 and 11 for further description of the accounting for the separation from Ironwood. The combined balance sheets of Cyclerion include assets and liabilities that were allocated principally on a specific identification basis. As Cyclerion was not historically held by a single legal entity, Net Parent Investment is shown in lieu of stockholder's equity in the combined financial statements. Net Parent Investment represents the cumulative investment by Ironwood in Cyclerion through the dates presented, inclusive of operating results. Balances between Cyclerion and Ironwood that were not historically settled in cash are included in Net Parent Investment. All significant transactions between the Company and Ironwood have been included in the accompanying combined financial statements. Transactions with Ironwood are reflected in the accompanying combined statements of Net Parent Investment as Net Transfers from Parent, and in the accompanying combined balance sheets within Net Parent Investment.

Going Concern

The Company has experienced negative operating cash flows for all historical periods presented. The Company expects these losses to continue into the foreseeable future as the Company continues the development and clinical testing of the product candidates, olinciguat, praliciguat and IW-6463, and its discovery research programs. The Company completed a private placement financing that would fund operations through at least the next 12 months (see Note 11), but has not received the cash associated with the financing as of the date these financial statements were available to be issued. Accordingly, the Company's continued operations are dependent on its ability to raise additional capital through the sale of equity or debt securities. In the event that the Company is unable to raise sufficient funds, it would have to substantially alter, or possibly even discontinue or curtail operations, or sell assets at distressed prices. This uncertainty raises substantial doubt about the Company's ability to continue as a going concern as of December 31, 2018. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company has entered into a common stock purchase agreement, pursuant to which, upon the completion of the distribution, the Company will receive cash in exchange for shares of Cyclerion common stock (see Note 11).

2. Summary of Significant Accounting Policies

Principles of Combination

The accompanying combined financial statements include the accounts of Cyclerion. All significant intercompany transactions with Ironwood are deemed to have been paid in the period the costs were incurred. Expenses related to corporate allocations from Ironwood to the Company are considered to be effectively settled for cash in the combined financial statements at the time the transaction was recorded.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Segment Information

Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Company's chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company currently operates in one reportable business segment—human therapeutics.

Use of Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires the Company's management to make estimates and judgments that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the amounts of expenses during the reported periods. On an on-going basis, the Company's management evaluates its estimates, judgments and methodologies. Significant estimates and assumptions in the combined financial statements include those related to allocations of expenses, assets and liabilities from Ironwood's historical financials to the Company; impairment of long-lived assets; income taxes, including the valuation allowance for deferred tax assets; research and development expenses; contingencies and share-based compensation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ materially from these estimates under different assumptions or conditions. Changes in estimates are reflected in reported results in the period in which they become known.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments with a remaining maturity when purchased of three months or less to be cash equivalents. Investments qualifying as cash equivalents may consist of money market funds, U.S. government-sponsored securities and repurchase agreements. The carrying amount of cash equivalents approximates fair value. There were no cash amounts specifically attributable to Cyclerion for the historical periods presented; therefore, there is no cash reflected in the combined financial statements.

Property and Equipment

Property and equipment are recorded at cost, and are depreciated when placed into service using the straight-line method based on their estimated useful lives as follows:

| <u>Asset Description</u> | <u>Estimated Useful Life (In Years)</u> |
|-------------------------------|---|
| Laboratory equipment | 5 |
| Computer and office equipment | 3 |
| Furniture and fixtures | 7 |
| Software | 3 |

Included in property and equipment are certain costs of software obtained for internal use. Costs incurred during the preliminary project stage are expensed as incurred, while costs incurred during the application development stage are capitalized and amortized over the estimated useful life of the

2. Summary of Significant Accounting Policies (Continued)

software. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Maintenance and training costs related to software obtained for internal use are expensed as incurred. Costs for capital assets not yet placed into service have been capitalized as construction in progress, and are depreciated in accordance with the above guidelines once placed into service. Maintenance and repair costs are expensed as incurred.

Impairment of Long-Lived Assets

The Company regularly reviews the carrying amount of its long-lived assets to determine whether indicators of impairment may exist, which warrant adjustments to carrying values or estimated useful lives. If indications of impairment exist, projected future undiscounted cash flows associated with the asset are compared to the carrying amount to determine whether the asset's value is recoverable. If the carrying value of the asset exceeds such projected undiscounted cash flows, the asset will be written down to its estimated fair value. There were no significant impairments of long-lived assets for the years ended December 31, 2017 and 2018.

Income Taxes

Income taxes as presented herein include current and deferred income taxes of Ironwood allocated to the Company's standalone financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by the Accounting Standards Codification ("ASC") Topic 740, *Income Taxes* ("Topic 740"). Accordingly, the Company's income tax provision was prepared following the "Separate Return Method." The Separate Return Method applies Topic 740 to the standalone financial statements of each member of the consolidated group as if the group member were a separate taxpayer and a standalone enterprise. As a result, actual tax transactions included in the consolidated financial statements of Ironwood may not be included in the combined financial statements of Cyclerion. Similarly, the tax treatment of certain items reflected in the combined financial statements of Cyclerion may not be reflected in the consolidated financial statements and tax returns of Ironwood; therefore, items such as net operating losses, credit carryforwards and valuation allowances may exist in the standalone financial statements that may or may not exist in the Parent's consolidated financial statements.

Cyclerion provides for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to reflect the uncertainty associated with their ultimate realization.

Cyclerion accounts for uncertain tax positions recognized in the combined financial statements in accordance with the provisions of Topic 740 by prescribing a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. When uncertain tax positions exist, Cyclerion recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. Cyclerion evaluates uncertain tax positions on a quarterly basis and adjusts the level of the liability to reflect any subsequent changes in the relevant facts surrounding the uncertain positions. Any changes to these estimates, based on the

2. Summary of Significant Accounting Policies (Continued)

actual results obtained and/or a change in assumptions, could affect Cyclerion's income tax provision in future periods. Interest and penalty charges, if any, related to unrecognized tax benefits would be classified as a provision for income tax in Cyclerion's combined statement of operations.

In general, the taxable loss of Cyclerion was included in Ironwood's U.S. consolidated and combined income tax returns, where applicable. As such, separate income tax returns were not prepared for Cyclerion. Consequently, income taxes currently payable are deemed to have been remitted to Ironwood in the period the liability arose and income taxes currently receivable are deemed to have been received from Ironwood in the period that a refund could have been recognized by Cyclerion had Cyclerion been a separate taxpayer, if applicable.

Research and Development Costs

The Company expenses research and development costs to operations as incurred. The Company defers and capitalizes nonrefundable advance payments made by the Company for research and development activities until the related goods are received or the related services are performed.

Research and development expenses are comprised of costs incurred in performing research and development activities, which may include salary, benefits and other employee-related expenses; share-based compensation expense; laboratory supplies and other direct expenses; facilities expenses; overhead expenses; third-party contractual costs relating to nonclinical studies and clinical trial activities and related contract manufacturing expenses, development of manufacturing processes and regulatory registration of third-party manufacturing facilities; licensing fees for the Company's product candidates; and other outside expenses.

General and Administrative Expenses

The Company expenses general and administrative costs to operations as incurred. General and administrative expense consists of compensation, share-based compensation, benefits and other employee-related expenses for personnel in the Company's administrative, finance, legal, information technology, business development and human resource functions. Other costs include the legal costs of pursuing patent protection of the Company's intellectual property, general and administrative related facility costs, insurance costs and professional fees for accounting and legal services.

Patent Costs

The Company incurred and recorded as operating expense legal and other fees related to patents of approximately \$0.8 million and \$0.9 million for the years ended December 31, 2017 and 2018, respectively. These costs were charged to general and administrative expenses as incurred.

Subsequent Events

The Company considers events or transactions that have occurred after the balance sheet date of December 31, 2018, but prior to the filing of the financial statements with the Securities and Exchange Commission to provide additional evidence relative to certain estimates or to identify matters that require additional recognition or disclosure. Subsequent events have been evaluated through the filing of the registration statement on Form 10, of which this information statement forms a part (see Note 11).

2. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standard setting bodies that are adopted by the Company as of the specified effective date. Except as discussed elsewhere in the notes to the combined financial statements, the Company did not adopt any new accounting pronouncements during the years ended December 31, 2017 and 2018, that had a material effect on its combined financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”), which supersedes the lease accounting requirements in ASC Topic 840, *Leases*, and most industry-specific guidance with ASC Topic 842, *Leases*. ASU 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a 12-month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization and interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. In July 2018, the FASB issued ASU No. 2018-10, *Leases (Topic 842)* (“ASU 2018-10”), *Codification Improvements* and ASU No. 2018-11, *Leases (Topic 842)* (“ASU 2018-11”), to provide additional guidance for the adoption of Topic 842. ASU 2018-10 clarifies certain provisions, and corrects unintended applications of the guidance, such as the rate implicit in a lease, impairment of the net investment in a lease, lessee reassessment of lease classifications, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments. The amendments in ASU 2018-11 will allow for an additional transition method, whereby at the adoption date the entity recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, while the comparative period disclosures continue recognition under ASC Topic 840. Additionally, ASU 2018-11 includes a practical expedient for separating contract components for lessors. The Company’s analysis includes, but is not limited to, reviewing existing leases, reviewing other service agreements for embedded leases, establishing policies and procedures, assessing potential disclosures and evaluating the impact of adoption on the Company’s combined financial statements. The Company expects the adoption of ASU 2016-02, ASU 2018-10, and ASU 2018-11 to have a material impact on the Company’s financial position and the related footnote disclosures.

In October 2016, the FASB issued ASU No. 2016-16, *Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory* (“ASU 2016-16”). ASU 2016-16 eliminates the ability to defer the tax expense related to intra-entity asset transfers other than inventory. Under the new standard, entities should recognize the income tax consequences on an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 is effective for fiscal periods beginning after December 15, 2018. Early adoption is permitted. The Company continues to evaluate the potential impact that the adoption of ASU 2016-16 will have on the Company’s financial position or results of operations. The Company does not expect the adoption of ASU 2016-16 to have a material impact on the Company’s financial position or results of operations as of and for the year ended December 31, 2018.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-based Payments* (“ASU 2018-07”). ASU 2018-07 simplifies the accounting for share-based payments to nonemployees by aligning with the accounting for share-based payments to employees, with certain exceptions. Measurement of equity-classified nonemployee awards issued in exchange for goods or services used or consumed in an entity’s own operations will be fixed at the grant date, which may lower the cost and reduce volatility in the income statement. Entities also may use the expected term to measure nonemployee options or elect to use the contractual term as the expected term, on an award-by-award basis. ASU 2018-07 is effective for the fiscal periods beginning after December 15, 2018. The Company is currently evaluating the potential impact that the adoption of ASU 2018-07 may have on the Company’s financial position and results of operations.

In August 2018, the FASB issued ASU No. 2018-15, *Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (“ASU 2018-15”). ASU 2018-15 requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40, *Intangibles—Goodwill and Other—Internal Use Software* (ASC 350-40), to determine which implementation costs to capitalize as assets or expense as incurred. The internal-use software guidance in ASC 350-40 requires that certain costs incurred during the application development stage be capitalized and other costs incurred during the preliminary project and post-implementation stages be expensed as they are incurred. A customer’s accounting for the hosting component of the arrangement is not affected by this guidance. The amendments in ASU 2018-15 are effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the potential impact that the adoption of ASU 2018-15 may have on the Company’s financial position and results of operations.

No other accounting standards known by the Company to be applicable to it that have been issued by the FASB or other standard-setting bodies and that do not require adoption until a future date are expected to have a material impact on the Company’s combined financial statements upon adoption.

3. Property and Equipment

Property and equipment, net consisted of the following (in thousands):

| | December 31, | |
|---|--------------|-----------|
| | 2017 | 2018 |
| Laboratory equipment | \$ 17,088 | \$ 17,753 |
| Software | 2,732 | 2,593 |
| Construction in progress | 137 | 741 |
| Computer and office equipment | 35 | 901 |
| Furniture and fixtures | 8 | — |
| Gross property and equipment | 20,000 | 21,988 |
| Less: accumulated depreciation and amortization | (15,869) | (15,491) |
| Property and equipment, net | \$ 4,131 | \$ 6,497 |

As of December 31, 2017 and 2018, all of the Company’s property and equipment was located in Cambridge, Massachusetts.

Depreciation and amortization expense of the Company’s property and equipment was approximately \$1.7 million and \$1.5 million for the years ended December 31, 2017 and 2018, respectively.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

4. Accrued Expenses and Other Liabilities

Accrued expenses consisted of the following (in thousands):

| | December 31, | |
|--------------------------------|-----------------|-----------------|
| | 2017 | 2018 |
| Accrued incentive compensation | \$ 3,451 | \$ 4,889 |
| Salaries | 1,309 | 1,513 |
| Accrued vacation | 1,240 | 1,048 |
| Professional fees | 404 | 1,019 |
| Workforce reduction charges | — | 565 |
| Other | 926 | 770 |
| | <u>\$ 7,330</u> | <u>\$ 9,804</u> |

Other includes various accruals for goods received but not yet invoiced of approximately \$0.5 million and \$0.1 million for the years ended December 31, 2017 and 2018, respectively.

5. Commitment and Contingencies

Other Funding Commitments

As of December 31, 2017 and 2018, the Company has several on-going studies in various clinical trial stages. The Company's most significant clinical trial expenditures are related to contract research organizations. These contracts are generally cancellable, with notice, at the Company's option and do not have any significant cancellation penalties.

Guarantees

As permitted under Delaware law, Ironwood indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at Ironwood's request in such capacity, including any such officers who serve as an officer or director of Cyclerion prior to the separation. The maximum potential amount of future payments Ironwood could be required to make is unlimited; however, Ironwood has directors' and officers' insurance coverage that is intended to limit its exposure and enable it to recover a portion of any future amounts paid. On September 6, 2018, Cyclerion was incorporated in Massachusetts, and is subject to Massachusetts law.

The Company enters into certain agreements with other parties in the ordinary course of business that contain indemnification provisions. These typically include agreements with directors and officers, business partners, contractors, clinical sites and customers. Under these provisions, the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of the Company's activities. These indemnification provisions generally survive termination of the underlying agreements. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is unlimited. However, to date the Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of these obligations is minimal. Accordingly, the Company did not have any liabilities recorded for these obligations as of December 31, 2017 and 2018.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

6. Share-based Compensation Plans

Ironwood maintains certain share-based compensation programs for the benefit of its officers, directors and employees, including employees of Ironwood who will become employees of Cyclerion in connection with the separation. Specifically, during the years ended December 31, 2017 and 2018, Ironwood had two share-based compensation plans pursuant to which awards were made to employees of the Company: the Amended and Restated 2010 Employee, Director and Consultant Equity Incentive Plan (“2010 Equity Plan”) and the Amended and Restated 2010 Employee Stock Purchase Plan (“2010 Purchase Plan”). Ironwood also had one share-based compensation plan under which there are outstanding awards available to employees of the Company, but from which no further awards will be made: the Amended and Restated 2005 Stock Incentive Plan (“2005 Equity Plan”). All awards granted under the programs consist of Ironwood shares of common stock. Accordingly, the amounts presented are not necessarily indicative of future share-based compensation and do not necessarily reflect the amount that Cyclerion would have issued as an independent, publicly traded company for the periods presented.

Share-based compensation expense was allocated to Cyclerion using a combined specific identification and pro-rata method based on internal project related costs and headcount that management believes are consistent and reasonable. Share-based compensation under Ironwood’s incentive stock programs allocated to Cyclerion is reflected in the Company’s combined statements of operations as follows for the years ended December 31, 2017 and 2018 (in thousands):

| | Years Ended December 31, | |
|----------------------------|-----------------------------|------------------|
| | 2017 | 2018 |
| Research and development | \$ 6,068 | \$ 7,093 |
| General and administrative | 3,426 | 5,340 |
| | <u>\$ 9,494</u> | <u>\$ 12,433</u> |

Included in share-based compensation expense of approximately \$9.5 million and \$12.4 million, is approximately \$2.2 million and \$3.1 million of share-based compensation expense for employees that are directly attributable to Cyclerion for the years ended December 31, 2017 and 2018, respectively.

7. Income Taxes

The Company has historically operated as part of Ironwood and not as a stand-alone company. The combined financial statements have been derived from Ironwood’s historical accounting records and are presented on a carve-out basis. The combined financial statements reflect Cyclerion’s financial position, results of operations, and cash flows as if its business was operated as part of Ironwood prior to the separation, in conformity with U.S. GAAP. In general, Cyclerion has not recorded a provision for federal or state income taxes as it has had cumulative net operating losses since inception.

On December 22, 2017, the Tax Cuts and Jobs Act was enacted. This law substantially amended the Internal Revenue Code, including reducing the U.S. corporate income tax rates. Upon enactment, Cyclerion’s deferred tax asset and related valuation allowance decreased by approximately \$32.0 million. As the deferred tax asset is offset in full by the valuation allowance, this enacted legislation had no net impact on Cyclerion’s financial position or results of operations. Cyclerion completed its accounting for

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

7. Income Taxes (Continued)

the tax effects of the Tax Cuts and Job Act as of December 31, 2018 and did not record any material adjustments to its original estimate.

A reconciliation of income taxes computed using the U.S. federal statutory rate to that reflected in operations follows (in thousands):

| | Year Ended December 31, | |
|--|----------------------------|-------------|
| | 2017 | 2018 |
| Income tax benefit using U.S. federal statutory rate | \$ (31,934) | \$ (24,203) |
| State income taxes, net of federal benefit | (4,832) | (7,301) |
| Tax credits | (3,230) | (4,888) |
| Tax windfall | (26) | (106) |
| Effect of U.S. tax reform | 32,057 | — |
| Non-deductible share-based compensation | 69 | (111) |
| Permanent differences | 9 | 40 |
| Change in valuation allowance | 7,887 | 36,569 |
| | <u>\$ —</u> | <u>\$ —</u> |

Components of the Company's deferred tax assets and liabilities are as follows (in thousands):

| | Year Ended December 31, | |
|--------------------------------------|----------------------------|----------------|
| | 2017 | 2018 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | \$ 67,338 | \$ 97,049 |
| Tax credit carryforwards | 10,641 | 15,529 |
| Capitalized research and development | 5,121 | 6,169 |
| Accruals and reserves | 1,220 | 1,639 |
| Share-based compensation | 1,085 | 1,546 |
| Total deferred tax assets | <u>85,405</u> | <u>121,932</u> |
| Deferred tax liabilities: | | |
| Property and equipment | (576) | (556) |
| Total deferred tax liabilities | <u>(576)</u> | <u>(556)</u> |
| Net deferred tax assets | 84,829 | 121,376 |
| Valuation allowance | (84,829) | (121,376) |
| Net deferred tax assets | <u>\$ —</u> | <u>\$ —</u> |

Management of Cyclerion has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. Management has considered the Company's history of operating losses in addition to the expected timing of the reversal of existing temporary differences and concluded, in accordance with the applicable accounting standards, that it is more likely than not that the Company will not realize the benefit of its deferred tax assets. Accordingly, the net deferred tax assets have been fully reserved at December 31, 2017 and 2018. Management reevaluates the positive and negative evidence on a quarterly basis.

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

7. Income Taxes (Continued)

The valuation allowance increased approximately by \$7.9 million during the year ended December 31, 2017 primarily due to an increase in net operating losses and tax credit carryforwards, and partially offset by the decrease in net operating losses, tax credit carryforwards and other deferred tax assets as a result of the U.S. tax rate reduction resulting from tax reform.

The valuation allowance increased approximately by \$36.6 million during the year ended December 31, 2018 primarily due to an increase in net operating losses and tax credit carryforwards.

At December 31, 2017 and 2018, Cyclerion has federal net operating loss carryforwards of approximately \$246.7 million and \$355.5 million, respectively, to offset future federal taxable income. Federal net operating losses generated prior to January 1, 2018 begin to expire in 2033 continuing through 2037 while federal net operating losses generated after January 1, 2018 will be carried indefinitely until utilized. As of December 31, 2017 and 2018, Cyclerion had state net operating loss carryforwards of approximately \$245.8 million and \$354.2 million, respectively, to offset future state taxable income, which will begin to expire in 2033 and will continue to expire through 2038. Cyclerion also had tax credit carryforwards of approximately \$11.3 million and \$16.5 million as of December 31, 2017 and 2018, respectively, to offset future federal and state income taxes, which expire beginning in 2033 and will continue to expire through 2038. These tax attributes reflect balances determined using the separate return method and do not represent actual amounts available for use. Note that Cyclerion will not generate net operating loss carryforwards or tax credit carryforwards available for its use until its inception and operation as a standalone legal entity.

Upon audit, taxing authorities may challenge all or part of an uncertain income tax position. While Cyclerion has no history of tax audits on a standalone basis, the Parent has been audited by federal and state taxing authorities in the past. Both Cyclerion and the Parent may be subject to tax audits by federal and state taxing authorities. Accordingly, the Parent and Cyclerion regularly assesses the outcome of potential examinations in each of the taxing jurisdictions when determining the adequacy of the amount of unrecognized tax benefit recorded. Cyclerion had no unrecognized tax benefits as of December 31, 2017 and 2018. Cyclerion will recognize interest and penalties, if any, related to uncertain tax positions in income tax expense. As of December 31, 2017 and 2018, no interest or penalties have been accrued.

The statute of limitations for assessment by the Internal Revenue Service ("IRS") and state tax authorities is open for tax years ended December 31, 2014, 2015, and 2016, although carryforward attributes that were generated prior to tax year 2014 may still be adjusted upon examination by the IRS or state tax authorities if they either have been, or will be, used in a future period. There are currently no federal or state income tax audits in progress.

8. Defined Contribution Plan

Ironwood maintains a defined contribution 401(k) Savings Plan in the form of a qualified 401(k) plan for the benefit of substantially all of its employees, which includes Ironwood employees who will become Cyclerion employees. Subject to certain IRS limits, eligible employees may elect to contribute from 1% to 100% of their compensation. Ironwood contributions to the plan are at the sole discretion of Ironwood's board of directors. Currently, Ironwood provides a matching contribution of 75% of the employee's contributions, up to \$6,000 annually. Compensation expense related to the 401(k) match was allocated to Cyclerion using a pro-rata method based on project related costs and headcount that management believes are consistent and reasonable. Included in compensation expense is approximately

8. Defined Contribution Plan (Continued)

\$0.3 million and \$0.4 million of expenses for employees that are directly attributable to Cyclerion for the years ended December 31, 2017 and 2018, respectively.

9. Related Party Transactions

Relationship with Ironwood

Historically, the Company has been managed and operated in the normal course of business under Ironwood. Accordingly, certain shared costs have been allocated to the Company and reflected as expenses in the Company's stand-alone combined financial statements. The expenses reflected in the combined financial statements may not be indicative of expenses that will be incurred by the Company in the future.

(a) Corporate costs

Ironwood incurs significant corporate costs for services provided to Cyclerion. These costs include expenses for information systems, accounting, other financial services (such as treasury, audit and purchasing), human resources, legal, and facilities.

A portion of these costs benefit Cyclerion and are allocated to Cyclerion using a pro-rata method based on project related costs, headcount, or other measures that management believes are consistent and reasonable.

The allocated corporate costs included in the combined statement of operations were approximately \$14.2 million and \$18.3 million for the years ended December 31, 2017 and 2018, respectively, and were included in general and administrative expenses for both years.

(b) Cash Management and Financing

Cyclerion participates in Ironwood's centralized cash management and financing programs. Disbursements are made through centralized accounts payable systems which are operated by Ironwood. Cash receipts are transferred to centralized accounts, also maintained by Ironwood. As cash is disbursed and received by Ironwood, it is accounted for by Cyclerion through Net Parent Investment. All obligations are financed by Ironwood and financing decisions are determined by central Ironwood treasury operations.

Other Related Party Transactions

Ironwood has and currently obtains health insurance services for its employees, including employees of Ironwood who will become employees of Cyclerion, from an insurance provider whose President and Chief Executive Officer became a member of the Ironwood's Board of Directors in April 2016. Expenses related to insurance premiums were allocated to Cyclerion using a pro-rata method based on internal project assignments and headcount, that management believes are consistent and reasonable. Insurance premiums allocated to Cyclerion amounted to approximately \$1.9 million and approximately \$2.1 million, is reflected in the Company's combined statements of operations as follows for the years ended December 31, 2017 and 2018, and is reflected in the Company's combined statement of operations. Accordingly, the amounts presented are not necessarily indicative of future expense and do not necessarily reflect the results that Cyclerion would have experienced as an

Cyclerion Therapeutics, Inc.
Notes to the Combined Financial Statements (Continued)

9. Related Party Transactions (Continued)

independent company for the periods presented. At December 31, 2017 and 2018, the Company had no outstanding payable balance due to this related party.

10. Workforce Reduction

On June 27, 2018, Ironwood, as part of its plans to separate its sGC business from its commercial and gastrointestinal business determined the initial organizational designs for the continuing Ironwood business and Cyclerion, including employees' roles and responsibilities. As part of this process Ironwood initiated, a reduction in its headquarter-based workforce by approximately 40 employees and substantially completed the reduction in its workforce during the year ending December 31, 2018. During the year ended December 31, 2018, Ironwood recorded approximately \$5.2 million in total costs related to the reduction in workforce. Expense related to workforce reduction were allocated to Cyclerion using a pro-rata method based on internal project assignments and headcount, that management believes are consistent and reasonable. Workforce reduction charges allocated to Cyclerion amounted to approximately \$2.0 million recorded in research and development expense and approximately \$0.3 million recorded in general and administrative expense for the year ended December 31, 2018.

The following table summarizes the accrued liabilities activity recorded in connection with the reduction in workforce for the year ended December 31, 2018 (in thousands):

| | Amounts Accrued at December 31, 2017 | Charges | Amount Paid | Amounts Accrued at December 31, 2018 |
|---------------------|--|----------|-------------|--|
| June 2018 Reduction | — | 2,029 | 1,464 | 565 |
| Total | — | \$ 2,029 | \$ 1,464 | \$ 565 |

11. Subsequent Events

The Company has assessed subsequent events up through March 11, 2019, the date the financial statements were available to be issued.

On January 7, 2019, in connection with the distribution, the Company entered into a common stock purchase agreement, pursuant to which, upon the completion of the distribution, the Company will receive cash in exchange for shares of Cyclerion common stock.

On February 25, 2019, Cyclerion and various investors entered into an amended and restated common stock purchase agreement pursuant to which these investors agreed to make an aggregate cash investment in Cyclerion of up to \$175.0 million in exchange for shares of Cyclerion common stock at a purchase price per share determined as set forth below.

Peter Hecht, Ironwood's Chief Executive Officer and future Chief Executive Officer and board member of Cyclerion, is expected to donate a portion of his shares of Ironwood common stock to a donor advised fund that is expected to divest these shares to invest up to \$34.0 million in Cyclerion as part of this financing. Mark Currie, Ironwood's Chief Scientific Officer and future President of Cyclerion and board member of Ironwood, has agreed to invest up to \$4.0 million in Cyclerion as part of this financing. Dr. Currie and certain other investors may fund a portion of their investment through

11. Subsequent Events (Continued)

sales of Ironwood common stock. Given the aforementioned director and officer affiliations with both Ironwood and Cyclerion, these investments are considered to be related party transactions.

On February 7, 2019, following further analysis of Ironwood's strategy and core business needs, and in an effort to further strengthen the operational efficiency of its organization, Ironwood commenced a reduction in its workforce by 35 employees, primarily based in the home office. Ironwood expects to substantially complete the reduction in its workforce during the first quarter of 2019. Employees expected to go to Cyclerion are excluded from the workforce reduction; however certain charges associated with the reduction will be allocated to Cyclerion. Ironwood estimates that, in connection with this reduction in its workforce, it will incur substantially all aggregate charges in the first quarter of 2019 of approximately \$3.0 million to approximately \$4.0 million for one-time employee severance and benefit costs, of which Cyclerion will incur approximately \$0.7 million to approximately \$0.8 million through corporate allocations. Of these charges, approximately 85% are expected to result in cash expenditures.

Prior to the separation, management expects to enter into certain agreements relating to the separation from the Parent, including two transition services agreements, a separation agreement, an intellectual property license agreement, a development agreement, a tax matters agreement, and an employee matters agreement. As a part of executing these agreements, the Company may assume certain assets and liabilities necessary in connection with the separation, or settle and extinguish certain existing liabilities and obligations between the Company and the Parent. An estimate of the financial effect of entering into such agreements, if any, cannot currently be made.



NOT FOR IMMEDIATE RELEASE

Cyclerion Launches as Clinical-Stage Biopharmaceutical Company Harnessing the Power of Soluble Guanylate Cyclase (sGC) Pharmacology for Treatment of Serious and Orphan Diseases

— \$175 million committed from investors in private placement offering —

— Trading of CYCN begins on Nasdaq today —

CAMBRIDGE, Mass., April 2, 2019 — Cyclerion Therapeutics, Inc. (Nasdaq: CYCN) today announced its launch as an independent, publicly traded clinical-stage biopharmaceutical company harnessing the power of soluble guanylate cyclase (sGC) pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Cyclerion will trade on the Nasdaq Global Market, commencing today, under the ticker symbol “CYCN.”

“We are excited to unleash the terrific Cyclerion team and further our laser-focused mission to advance tailored sGC stimulators to patients with serious and orphan diseases,” said Peter Hecht, chief executive officer of Cyclerion. “We are grateful to the patients, employees and investors who are committed to our work.”

Cyclerion is focused on unlocking the full therapeutic potential of the nitric oxide-cyclic guanosine monophosphate (NO-cGMP) signaling pathway. The nitric oxide signaling pathway plays a central role in regulating critical biological systems, and defective signaling has been linked to a wide range of cardiovascular, metabolic, inflammatory, fibrotic and neurological diseases.

Cyclerion is developing small molecules, called sGC stimulators, that are designed to work with nitric oxide to enhance pathway signaling. Cyclerion’s sGC stimulators are designed to preferentially increase nitric oxide signaling in disease-relevant tissues to improve blood flow and reduce inflammation and fibrosis in those affected tissues.

Cyclerion initially plans to advance five differentiated sGC stimulator programs that are designed to target tissues of greatest relevance to the diseases they are intended to treat. These programs 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. Topline data read-outs for each of the clinical programs are expected by the end of 2019.

“We founded Cyclerion to advance a new generation of sGC stimulators and more fully harness this fundamental and clinically precedented pathway that is critical to the healthy functioning of many biological systems,” said Mark Currie, president and chief scientific officer of Cyclerion. “Our team has

unmatched expertise in sGC pharmacology and the NO-cGMP signaling pathway, and we look forward to working together to develop innovative new medicines.”

About Cyclерion Therapeutics

Cyclерion Therapeutics is a clinical-stage biopharmaceutical company harnessing the power of sGC pharmacology to discover, develop and commercialize breakthrough treatments for serious and orphan diseases. Cyclерion plans to advance its current 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 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.

For more information about Cyclерion, please visit <https://www.cyclерion.com/> and follow us on Twitter (@Cyclерion) and LinkedIn (www.linkedin.com/company/cyclерion).

Forward Looking Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our forward-looking statements are based on current beliefs and expectations of our management team that involve risks, potential changes in circumstances, assumptions, and uncertainties, including statements about the anticipating timing of release of topline results of our clinical trials; the progression of our discovery programs into clinical development; and the business and operations of Cyclерion. We may, in some cases use terms such as “predicts,” “believes,” “potential,” “continue,” “anticipates,” “estimates,” “expects,” “plans,” “intends,” “may,” “could,” “might,” “likely,” “will,” “should” or other words that convey uncertainty of the future events or outcomes to identify these forward-looking statements. 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 achieve the expected benefits of the separation, and that a separation could harm the business, results of operations and financial condition of Cyclерion; the risk that we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company; risks relating to the design and outcome of our clinical trials; our lack of independent operating history and the risk that our 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 the separation may adversely impact our ability to attract or retain key personnel; the risks listed under the heading “Risk Factors” and elsewhere in our Registration Statement on Form 10 filed on March 11, 2019, and in Cyclерion’s subsequent SEC filings, including SEC filings related to the separation. Investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements (except as otherwise noted) speak only as of the date of this press release, and Cyclерion undertakes no obligation to update these forward-looking statements, except as required by law.

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