

June 19, 2014

FLXN-NASDAQ--Outperform (1) / V

Specialty Pharmaceuticals

FLXN: Highlights From The Wells Fargo Healthcare Conference

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Sector Rating: Specialty Pharmaceuticals, Overweight

- Summary. On June 18, FLXN's President and CEO Mike Clayman presented at the 2014 Wells Fargo Healthcare Conference. FLXN reaffirmed that FX006 development is on track and shared new details on its recently announced Phase 2a pharmacokinetics (PK) study results. The company also confirmed the overall timelines FX006 and FX007.
- Key takeaways. Management built on its press release of June 17 (which announced that a single intra-articular (IA) injection of FX006 maintained therapeutic concentration levels in the synovial fluid through 12 weeks in a Phase 2a PK study) by revealing specific synovial concentrations. At 12 weeks, 40mg of FX006 had a concentration of 0.92 ng/ml, versus 0.03 ng/ml for TCA IR, a result that is consistent with the prior Phase 2b efficacy results showing greater pain relief at 12 weeks of FX006 over TCA IR. At 16 weeks, 40 mg FX006 had 0.22 ng/ml concentration, below therapeutic levels but readily measurable. The Phase 2a data may suggest that the ideal interval for the repeat dose safety study could be between 3 and 4 months.
- Potential upcoming clinical milestones. For FX006, upcoming milestones are expected to be the start of the repeat dose safety study toward the end of 2014, top-line data readout from the Phase 2b confirmatory study in H1 2015 and the initiation of Phase 3 development thereafter. While FX006 is the company's top priority, FX007 development is also underway with an ongoing local tox study and Phase 2a proof of concept study data expected in Q3 2015.

Flexion Therapeutics, Inc. (FLXN-NASDAQ)

Price as of 6/18/2014: \$14.91

FY 14 EPS: \$-2.79

FY 15 EPS: \$-3.41

Shares Out.: 15.6 MM

Market Cap.: \$232.6 MM

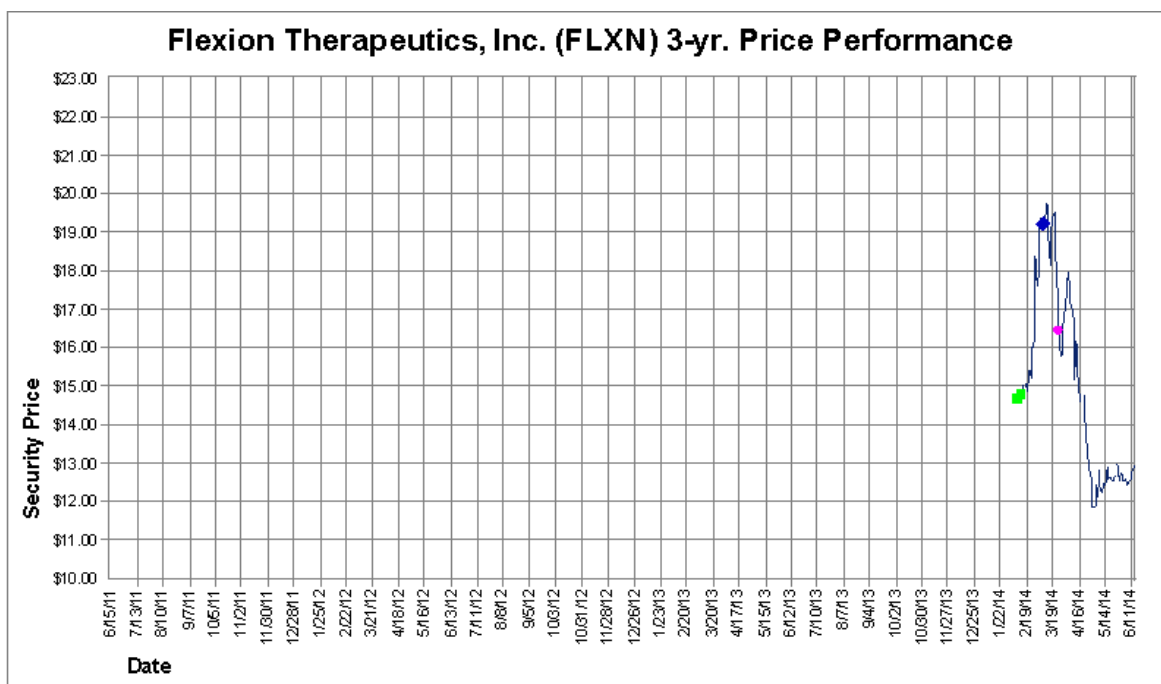
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Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	2/12/2014		IPO at \$13.00			
	3/10/2014		Faem			
◆	3/10/2014	19.26	1	24.00	26.00	19.22
●	3/26/2014	15.76	1	23.00	25.00	16.43

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key

- ▼ Rating Downgrade
- ▲ Rating Upgrade
- Valuation Range Change

- ◆ Initiation, Resumption, Drop or Suspend
- Analyst Change
- Split Adjustment

Rating Code Key

- 1 Outperform/Buy
- 2 Market Perform/Hold
- 3 Underperform/Sell
- SR Suspended
- NR Not Rated
- NE No Estimate

Additional Information Available Upon Request

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FLXN: Risks to our valuation pertain to FLXN's ability to successfully develop and commercialize FX006, including product concentration, clinical, regulatory, commercial, intellectual property, and future financing risk.

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2 = Market Perform: The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

3 = Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING

O = Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

M = Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U = Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

VOLATILITY RATING

V = A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

As of: June 19, 2014

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