Safe-Harbor Statement

This presentation contains “forward-looking” statements, including, without limitation, statements relating to: the future of Flexion; the ongoing development of our product candidates; our interpretation of the results of our clinical trials for Zilretta™; our plans to commercialize, and the market potential for, Zilretta, including our belief in Zilretta’s significant revenue potential; our plans and expected timing for our regulatory submissions; our anticipated clinical, regulatory and other milestones (including the timing of such milestones); expected term of patent coverage and the potential benefits of Zilretta. Forward-looking statements also include all statements that are not historical facts.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, without limitation, those associated with the process of developing, obtaining regulatory approval for, and commercializing pharmaceutical products; our ability to finance continued operations; competition in our target markets; the fact that results of past clinical trials may not be predictive of subsequent trials; the risk that the FDA and foreign regulatory authorities may not agree with our interpretation of the data from our clinical trials of Zilretta and may require us to conduct additional clinical trials; our reliance on third parties to manufacture our product candidates and conduct our clinical trials, which could delay or limit the future development or regulatory approval of our product candidates; the fact that we will require additional capital, including prior to commercializing Zilretta or any of our other product candidates, and may be unable to obtain such additional capital in sufficient amounts or on terms acceptable to us; the risk that our patents may be challenged or invalidated; and other risks and uncertainties described in our filings with the Securities and Exchange Commission (SEC), including under the heading “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent filings with the SEC. These forward-looking statements represent our beliefs and assumptions only as of the date of this presentation, and we assume no obligation to update or revise any of these statements. We caution investors not to place considerable reliance on these forward-looking statements.
Flexion is a highly focused specialty pharmaceutical company developing and commercializing novel therapies that are intended to provide safe, substantial and sustained pain relief to the sufferers of musculoskeletal diseases, with an initial focus on osteoarthritis (OA).

**Clear Vision**
Become a fully integrated commercial company with novel, local treatments for musculoskeletal diseases

**Proven Expertise**
Innovating targeted pharmaco-engineered therapies

**IP Portfolio**
Worldwide exclusive rights to Zilretta with patent protection for lead candidate and related technology into 2031

**Commercial Talent**
Senior commercial team in place with specialty pharmaceutical expertise in Marketing, Market Access and Sales
### Flexion: Investment Highlights

<table>
<thead>
<tr>
<th>OA: Large and expanding market, urgent need for new therapies</th>
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<tbody>
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<td>- Senior commercial team with deep experience and expertise</td>
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<td>- Key Zilretta milestones in 2016:</td>
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Osteoarthritis (OA) Overview

- Progressive breakdown and loss of cartilage
- Most common type of arthritis, also known as degenerative joint disease
- Since the 1990’s the average age at diagnosis of OA has fallen from age 72 to 56
- OA affects 14% of adults aged 25 and older and 34% of those aged 65 and older
- Accounts for >$185B in annual U.S. healthcare expenditures
- Many OA patients progress to intractable joint pain, debilitating disease and eventually total joint replacement
Knee Osteoarthritis: A Growing Healthcare Burden

- One in four people with knee OA have daily pain while walking and have difficulty climbing stairs, and kneeling or stooping\(^1\)
- Aging, obesity and sports injuries will increase healthcare spending to treat hip and knee OA\(^2\)
- Cost of knee replacements skyrocketing - rate of total knee replacement grew 217% from 1992 to 2011\(^3\)
- By 2030, the demand for primary knee arthroplasties is projected to grow 673% to 3.48 million procedures\(^4\)
  - Sharp increase will require increased economic resources, operative efficiency, additional surgeons and implant longevity

<table>
<thead>
<tr>
<th>Year</th>
<th>Americans with Osteoarthritis (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2030</td>
<td>67</td>
</tr>
<tr>
<td>2008</td>
<td>27</td>
</tr>
<tr>
<td>1990</td>
<td>21</td>
</tr>
</tbody>
</table>

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### Current OA Therapies Are Limited

#### Limited Pain Relief and Serious Side Effects

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EFFICACY</th>
<th>TOXICITY/SIDE EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acetaminophen</td>
<td>Limited pain relief</td>
<td>Liver/GI</td>
</tr>
<tr>
<td>NSAIDs</td>
<td>Limited pain relief</td>
<td>GI/Cardiovascular</td>
</tr>
<tr>
<td>COX-2 inhibitors</td>
<td>Limited pain relief</td>
<td>Cardiovascular</td>
</tr>
<tr>
<td>Duloxetine</td>
<td>Limited pain relief</td>
<td>Suicidality/Liver</td>
</tr>
<tr>
<td>Opioids</td>
<td>Limited pain relief</td>
<td>Fracture (elderly) Cardiovascular Mortality</td>
</tr>
<tr>
<td>Steroids</td>
<td>Effect wanes after 2 – 4 weeks</td>
<td>Generally well tolerated</td>
</tr>
<tr>
<td>Hyaluronic acid (HA)</td>
<td>Limited differentiation from placebo in controlled clinical trials</td>
<td>Generally well tolerated</td>
</tr>
</tbody>
</table>

"We cannot recommend using hyaluronic acid for patients with symptomatic osteoarthritis of the knee...The strength of this recommendation was based on lack of efficacy."

---

**American Academy of Orthopedic Surgeons**

Opioids Are Not the Answer

OVERUSED
Approximately 40% of Medicare patients with OA are prescribed opioids and 2015 Part D spending for these drugs exceeded $4 billion.

ADDICTIVE
More than 2.4 million Americans have severe opioid use disorder involving dependence on opioid pain medications, heroin or both.

FATAL
In 2014, almost 19,000 people (50/day) died from overdose related to prescription opioids.

PROBLEMATIC FOR OA
Exposure may affect outcomes of total knee replacement in several ways including perioperative management and risk of complications.

Optimal Regimen for Treating OA Pain

- Well-Tolerated
- Substantial Magnitude of Pain Relief
- Non-Addictive
- Rapid Onset of Action
- Sustained Pain Relief
Zilretta: Potential First Sustained Release Intra-articular (IA) Treatment for OA Knee Pain

Value proposition: *standard IA clinical procedure* with novel formulation intended to provide sustained and powerful pain relief

- Zilretta is designed to provide sustained release of Triamcinolone Acetonide (TCA) from PLGA\(^1\) microspheres for at least 3 months
- Injection ~1 minute start to finish
- Often performed by physician assistants, with no imaging required

\(^1\)PLGA: poly(lactic-co-glycolic acid)
Harnessing PLGA Microspheres For Persistent Local Delivery of Triamcinolone Acetonide (TCA)

Anticipated Benefits:

- Formulated for extended drug release
- Potent therapeutic response through targeted delivery
- Long-lasting local analgesia from a single injection
- Attractive safety profile with treatment-related side effects comparable to placebo
- Minimal systemic exposure
  - In clinical trials Zilretta peak plasma concentrations were 25-fold lower than immediate release TCA
- Potentially advantaged for certain patient segments, such as diabetics

Pharmacokinetic clinical data support efficacy results with TCA concentrations from Zilretta maintained in the joint for at least 12 weeks and beyond
Compelling Pivotal Trial Data
**Strong Phase 3 Primary Efficacy Data**

**Average Daily Pain**

*Results suggest these findings for Zilretta treated patients compared with the placebo treated patients from this Phase 3 trial.*
Analgesic Effect Consistent in Both Efficacy Clinical Trials

![Graph showing LS Mean (± SE) Change from Baseline, 0-10 Scale over Weeks Post Treatment. The graph compares FX006 40 mg (Phase 2b; n=104) and Placebo (Phase 2b; n=100), FX006 40 mg (Phase 3; n=161) and Placebo (Phase 3; n=162).]
In Secondary Analyses Zilretta Appears to Improve Pain Relief Compared to Placebo and TCA IR

OA specific measure: WOMAC A

<table>
<thead>
<tr>
<th>Condition</th>
<th>LS Mean (+ SE) Change from Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>BL</td>
<td>-1.4</td>
</tr>
<tr>
<td>Week 4</td>
<td>-1.3</td>
</tr>
<tr>
<td>Week 8</td>
<td>-1.2</td>
</tr>
<tr>
<td>Week 12</td>
<td>-1.1</td>
</tr>
<tr>
<td>Week 16</td>
<td>-1.0</td>
</tr>
<tr>
<td>Week 20</td>
<td>-0.9</td>
</tr>
<tr>
<td>Week 24</td>
<td>-0.8</td>
</tr>
<tr>
<td>FX006 40 mg (N=161)</td>
<td>-0.7</td>
</tr>
<tr>
<td>Placebo (N=162)</td>
<td>-0.6</td>
</tr>
<tr>
<td>TCA IR (N=161)</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

* Difference from Placebo: p<0.05
** Difference from TCA IR: p<0.05
In Secondary Analyses Zilretta Appears to Reduce Stiffness Compared to Placebo and TCA IR

OA specific measure: WOMAC B
In Secondary Analyses Zilretta Appears to Improve Function Compared to Placebo and TCA IR

OA specific measure: WOMAC C

<table>
<thead>
<tr>
<th></th>
<th>BL</th>
<th>Week 4</th>
<th>Week 8</th>
<th>Week 12</th>
<th>Week 16</th>
<th>Week 20</th>
<th>Week 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>LS Mean (+ SE) Change from Baseline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FX006 40 mg (N=161)</td>
<td>-0.9</td>
<td>-0.7</td>
<td>-0.5</td>
<td>-0.3</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Placebo (N=162)</td>
<td>-0.8</td>
<td>-0.6</td>
<td>-0.4</td>
<td>-0.2</td>
<td>-0.0</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>TCA IR (N=161)</td>
<td>-0.7</td>
<td>-0.5</td>
<td>-0.3</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.2</td>
<td>0.4</td>
</tr>
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* Difference from Placebo: p<0.05
** Difference from TCA IR: p<0.05
### Strong Safety Profile in >600 Patients

#### Combined Phase 2b and Phase 3 Data

<table>
<thead>
<tr>
<th>TEAE [N (%)]</th>
<th>FX006 20mg (N=102)</th>
<th>FX006 40mg (N=265)</th>
<th>Placebo (N=262)</th>
<th>TCA-IR (N=161)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEAEs</td>
<td>43 (42.2%)</td>
<td>135 (50.9%)</td>
<td>129 (49.2%)</td>
<td>91 (56.5%)</td>
</tr>
<tr>
<td>SAEs</td>
<td>1 (1.0%)</td>
<td>8 (3.0%)</td>
<td>3 (1.1%)</td>
<td>4 (2.5%)</td>
</tr>
<tr>
<td>Index knee-related TEAEs</td>
<td>15 (14.7%)</td>
<td>44 (16.6%)</td>
<td>37 (14.1%)</td>
<td>16 (9.9%)</td>
</tr>
<tr>
<td>TEAEs related to injection procedure</td>
<td>2 (2.0%)</td>
<td>5 (1.9%)</td>
<td>11 (4.2%)</td>
<td>3 (1.9%)</td>
</tr>
</tbody>
</table>

- No drug-related serious adverse events
- No clinically significant dose-related trends in incidence of overall adverse events or index knee related adverse events
- No notable changes in lab parameters, vital signs, or ECG parameters

*Safety data collected in clinical trials to date suggest Zilretta has been generally well-tolerated.*
Executing Zilretta Launch Plans
Experienced Zilretta Senior Launch Leadership Team

*Strong and successful track record of launching products*

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tr>
<td>Dan Deardorf</td>
<td>SVP Commercial</td>
</tr>
<tr>
<td>Mark Fraga</td>
<td>VP Marketing</td>
</tr>
<tr>
<td>Scott Kelley, M.D.</td>
<td>VP Medical Affairs</td>
</tr>
<tr>
<td>Dan Thornton</td>
<td>VP Market Access</td>
</tr>
<tr>
<td>Carolyn Scimemi, Esq.</td>
<td>Chief Compliance Officer</td>
</tr>
</tbody>
</table>

*Establish sales force of approximately 80-100 reps targeting the 9,000 orthopedists/rheumatologists ≥ 75% of injections*
Zilretta Commercial Launch Priorities

• Build on a foundation of successful Synvisc commercialization experience
• Focus on strong clinical data and unique product attributes
• Command premium price
• Apply efficient and value added market access strategy
• Capitalize on first to market competitive position
• Provide unparalleled compliant physician support to facilitate patient access
The Path To Zilretta’s Commercial Success

**Completed:**
- Comprehensive Commercial Plan
- MD/Patient Research
- Payer/Pricing Research
- Brand Name/Logo
- Customer Hub Support Assessment
- Market Data Analysis
- Agency of Record Hired
- KOL Map
- Health Economic Analysis
- Publication Plan
- Competitive Intelligence
- Product Configuration

| Marketing |
|------------------|------------------|
| Market Research |
| Market Conditioning |
| Brand/Promotional Development |

| Market Access |
|------------------|------------------|
| Payer/Distribution Strategy |
| Health Economic/Value Proposition/Pricing |
| Reimbursement Hotline Build |

| Sales |
|------------------|------------------|
| Sales Management Hiring |
| Territory Sizing and Alignment / Incentive Compensation |
| Training Dev't |

| Comm. Ops |
|------------------|------------------|
| Comm. Ops Infrastructure |

CURRENT AND ONGOING

Launch
Zilretta: Large, Growing and Established Commercial Opportunity

5 million patients with OA knee pain receive IA injections annually

- ~7% YoY growth of OA knee steroid injections (vs. ~4% YoY growth in HA)

2014 IA injections for knee OA pain

- Knee HA: 1,430,000
- Knee Steroid: 3,540,000

Source: 2013 & 2014 IMS Sales & Claims Data (85 health plans, 70MM patients, ~40% of total medical claims)
Zilretta’s Significant Commercial Potential in OA of the Knee

Annual Patients with Knee OA Dx: 12M

Treated with IA Injection: 5M

Patients with Steroid Inj.: 3.5M
Total Treatments/yr: 1.67

Patients with HA Course: 1.5M
Total Treatments/yr: 1.3

IA Annual Treatments = 7.8M
Established Intra-Articular Therapy Payer Dynamics

**Medicare**
- Defined covered benefit under Part B
- Little ambiguity regarding potential for Medicare Part B coverage
- Medicare required to cover what is “reasonable and necessary”

**Commercial**
- Multiple studies with independent research firms
- Conservatively represent >100M covered lives
- All assessments support a price in the range of $500/dose
Zilretta Pricing of ~$500 In Line with Current OA Treatments

**Commonly Used OA Treatments**

<table>
<thead>
<tr>
<th>CLASS</th>
<th>SELECTED PRODUCTS</th>
<th>MONTHLY COST</th>
<th>6-MONTH COST</th>
</tr>
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<tbody>
<tr>
<td>HA Injections¹,³</td>
<td>Synvisc/Synvisc-One (3/1 injection(s)/6 months)</td>
<td>NA</td>
<td>$575.86</td>
</tr>
<tr>
<td></td>
<td>Monovisc (1 injection/6 months)</td>
<td>NA</td>
<td>$909.25</td>
</tr>
<tr>
<td>Oral NSAIDs¹,²</td>
<td>Celecoxib (200mg q.d.)</td>
<td>$221.99</td>
<td>$1,331.94</td>
</tr>
<tr>
<td>Oral SNRIs¹,²</td>
<td>Duloxetine (30mg q.d.)</td>
<td>$215.37</td>
<td>$1,292.22</td>
</tr>
<tr>
<td>Oral Opioids¹,²</td>
<td>Oxycontin ER (10mg q 12h)</td>
<td>$219.99</td>
<td>$1,319.94</td>
</tr>
</tbody>
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¹. Dosing schedule for products as per package inserts; ². NSAID, SNRI, and Opioid pricing reflects suggested retail price as per CVS Pharmacy 3/2016; ³. HA pricing reflects manufacturer reported Average Selling Price (ASP) across all distribution channels as per CMS.gov 10/2015
Financials, Leadership and Milestones
Flexion Financial Summary and Major Shareholders

**Strong Balance Sheet**

$163 Million Cash and Investment Securities as of June 30, 2016

Cash Runway through Planned Launch of Zilretta into 2018

**Key Investors**

- WELLINGTON MANAGEMENT
- CAPITAL WORLD INVESTORS
- DRIEHAUS CAPITAL MANAGEMENT
- GGHC
- THE BOSTON COMPANY
- BLACKROCK
- WASATCH FUNDS
- SCHRODERS
- KINGDON
## Executive Management Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Clayman, M.D.</td>
<td>President &amp; CEO</td>
<td>25+ years of pharma experience</td>
</tr>
<tr>
<td>Neil Bodick, M.D., Ph.D.</td>
<td>Chief Medical Officer</td>
<td>20+ years of pharma experience</td>
</tr>
<tr>
<td>Fred Driscoll</td>
<td>Chief Financial Officer</td>
<td>35+ years of pharma/financial experience</td>
</tr>
<tr>
<td>Dan Deardorf</td>
<td>SVP, Commercial</td>
<td>20 years of pharmaceutical experience</td>
</tr>
<tr>
<td>Christina Willwerth</td>
<td>SVP, Program Management and Strategy</td>
<td>20 years of pharmaceutical experience</td>
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Multiple Catalysts for Creating Value

2016 Milestones

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- Report topline data from Diabetes trial (expected H2)
- Initiate repeat-dose safety trial (expected H2)
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