

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 6-K

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**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
under the Securities Exchange Act of 1934**

For the month of May 2012

Commission File Number: 000-28508

**Flamel Technologies, S.A.**

(Translation of registrant's name into English)

**Parc Club du Moulin à Vent  
33 avenue du Dr. Georges Levy  
69693 Vénissieux Cedex France**  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- \_\_\_\_\_

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## EXHIBIT LIST

<b>Exhibit Number</b>	<b>Description</b>
99.1	Notice of a Combined Ordinary and Extraordinary General Meeting of Shareholders on June 22, 2012
99.2	Draft Resolutions to be submitted at the Ordinary and Extraordinary General Shareholders' Meeting on June 22, 2012
99.3	Management Report prepared by the Board of Directors to be presented at the Ordinary Shareholders Meeting on June 22, 2012
99.4	Board Report to be submitted at the Combined Shareholders' Meeting on June 22, 2012
99.5	Form of Proxy to Shareholders
99.6	Form of Proxy to ADS Holders
99.7	Document and Information Request Form

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**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, thereunto duly authorized.

Dated: May 24, 2012

Flamel Technologies, S.A.

By: /s/ Michael S. Anderson

Name: Michael S. Anderson

Title: Chief Executive Officer

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## EXHIBIT INDEX

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- Translated from French -

<p>FLAMEL TECHNOLOGIES Société Anonyme with a share capital of Euros 3,044,396 <u>Registered Office</u> : Parc Club du Moulin à Vent 33, avenue du Docteur Georges Lévy 69693 VENISSIEUX (France)  379 001 530 R.C.S. LYON</p>
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**NOTICE OF A COMBINED ORDINARY AND EXTRAORDINARY GENERAL  
MEETING OF SHAREHOLDERS  
ON JUNE 22, 2012**

Sent by Mail on May 22, 2012

Ladies and Gentlemen,

You are cordially invited to attend the Combined Ordinary and Extraordinary General Meeting (the "Meeting") of the shareholders of FLAMEL TECHNOLOGIES (the "Company") which will be held on June 22, 2012 at 11:00 a.m. (French time) at the registered office of the Company, with the following agenda :

**Agenda**

**Resolutions within the competence of the ordinary general shareholders' meeting**

1. Approval of Statutory Accounts for year ended December 31, 2011.
2. Allocation of results.
3. Renewal of Mrs Catherine Bréchnignac as Director.
4. Renewal of Mr. Guillaume Cerutti as Director.
5. Renewal of Mr. Francis JT Fildes as Director.
6. Renewal of Ambassador Craig Stapleton as Director.
7. Renewal of Mr. Elie Vannier as Director.
8. Renewal of Mr. Stephen H. Willard as Director.
9. Appointment of Mr. Michael S. Anderson as Director.
10. Determination of the annual amount of Directors' attendance fees.
11. Approval of agreements referred to in article L. 225-38 *et seq.* of the "Code de commerce".

**Resolutions within the competence of the extraordinary general shareholders' meeting**

12. Authorization to be granted to the Board of Directors to allocate one million (1,000,000) stock options and taking note of the resulting capital increases.
13. Authorization to be granted to the Board of Directors to allocate two hundred thousand (200,000) shares at no cost ("free shares") and taking note of the resulting capital increases.
14. Modification of terms and conditions for exercise of warrants issued in 2009.
15. Modification of terms and conditions for exercise of warrants issued in 2010.
16. Modification of terms and conditions for exercise of warrants issued in 2011.
17. Issuance of a total of two million two hundred thousand (2,200,000) stock warrants ("bons de souscriptions d'actions" or "BSAs") to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
18. Issuance of a total of one million one hundred thousand (1,100,000) stock warrants ("bons de souscriptions d'actions" or "BSAs") to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
19. Authorization to be granted to the Board of Directors for increasing the share capital through issuances of shares reserved for the members of a company saving plan established pursuant to Articles L.3332-18 et seq. of the Labour Code.
20. Powers for formalities.

ON BEHALF OF THE BOARD OF DIRECTORS

**IMPORTANT :**

IF YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE NOTE THAT SHAREHOLDERS WILL BE ADMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING WITH WHATEVER THE NUMBER OF SHARES THEY HOLD PROVIDED THAT IF THEY ARE OWNER OF REGISTERED SHARES THEIR SHARES HAVE BEEN REGISTERED IN A SHARE ACCOUNT HELD BY THE COMPANY AT LEAST ONE DAY PRIOR TO THE DATE OF THE MEETING.

IF THE QUORUM FOR THE ORDINARY MEETING IS NOT MET ON JUNE 22, 2012, SHAREHOLDERS WILL BE INVITED TO VOTE AT A MEETING WHICH WILL BE HELD ON JULY 3, 2012 ON THE SAME AGENDA, AS DESCRIBED IN THIS NOTICE .

**Quorum required under French law :**

The required quorum for ordinary resolutions is one fifth (20%) of the total outstanding shares. If such quorum is not met, the Board of Directors will give a second notice of Shareholders' Meeting.

At this second Meeting, no quorum is required for ordinary resolutions.

**- Translated from French -**

The required quorum for extraordinary resolutions is one fourth (25%) of the total outstanding shares with voting rights, upon first call of the shareholders' meeting. If such quorum is not met, the Board of Directors will give a second notice of Shareholders' Meeting. At this second Meeting, which shall not take place earlier than six days after the first meeting, the required quorum is one fifth (20%) of the total outstanding shares with voting rights.

Enclosed documents:

- § Resolutions submitted to the combined ordinary and extraordinary shareholders' meeting to be held on June 22, 2012;
- § Management Report by the Board of Directors to the ordinary shareholders' meeting including notably (Appendix 1) table of the Company's results for the last five financial years;
- § Report by the Board of Directors to the combined shareholders meeting held on June 22, 2012;
- § Document and information request form.

**FLAMEL TECHNOLOGIES**

*Société Anonyme* with a stated capital of 3,044,396 euros

Registered Office:

Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX – France

379 001 530 R.C.S. LYON

**RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY  
GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 22, 2012**

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**WITHIN THE COMPETENCE OF THE ORDINARY  
GENERAL SHAREHOLDERS' MEETING**

1. Approval of Statutory Accounts for year ended December 31, 2011.
2. Allocation of results.
3. Renewal of Mrs Catherine Bréchnignac as Director.
4. Renewal of Mr. Guillaume Cerutti as Director.
5. Renewal of Mr. Francis JT Fildes as Director.
6. Renewal of Ambassador Craig Stapleton as Director.
7. Renewal of Mr. Elie Vannier as Director.
8. Renewal of Mr. Stephen H. Willard as Director.
9. Appointment of Mr. Michael S. Anderson as Director.
10. Determination of the annual amount of Directors' attendance fees.
11. Approval of agreements referred to in article L. 225-38 *et seq.* of the "Code de commerce".

**WITHIN THE COMPETENCE OF THE EXTRAORDINARY  
GENERAL SHAREHOLDERS' MEETING**

12. Authorization to be granted to the Board of Directors to allocate one million (1,000,000) stock options and taking note of the resulting capital increases.
13. Authorization to be granted to the Board of Directors to allocate two hundred thousand (200,000) shares at no cost ("free shares") and taking note of the resulting capital increases.
14. Modification of terms and conditions for exercise of warrants issued in 2009.
15. Modification of terms and conditions for exercise of warrants issued in 2010.
16. Modification of terms and conditions for exercise of warrants issued in 2011.



*Translated from French*

17. Issuance of a total of two million two hundred thousand (2,200,000) stock warrants (“bons de souscriptions d’actions” or “BSAs”) to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
18. Issuance of a total of one million one hundred thousand (1,100,000) stock warrants (“bons de souscriptions d’actions” or “BSAs”) to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
19. Authorization to be granted to the Board of Directors for increasing the share capital through issuances of shares reserved for the members of a company saving plan established pursuant to Articles L.3332-18 et seq. of the Labour Code.
20. Powers for formalities.

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**- RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY  
GENERAL SHAREHOLDERS’ MEETING -**

**FIRST RESOLUTION**

*Approval of Statutory Accounts for year ended December 31, 2011*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having taken cognizance of the financial statements for the fiscal year ended on December 31, 2011, and having heard a reading of the Board of Directors' management report and of the general report of the Statutory Auditor pertaining to said fiscal year,

**Approves**, in their entirety, the above referenced financial statements as they have been presented to it, as well as the transactions recorded in such financial statements and reports, which show a loss in the amount of (6,647,651) €.

Accordingly, the General Shareholders' Meeting grants the Directors full discharge from their duties relative to such fiscal year.

Furthermore and in accordance with Section “223 *quater*” of the General Tax Code, the General Shareholders' Meeting acknowledges that non tax-deductible expenses or charges as set forth at Section 39-4 of the General Tax Code were incurred for a total of 32,679.00 € during the fiscal year ended December 31, 2011 corresponding to excess redemption.

**SECOND RESOLUTION**

*Allocation of results*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report,

**Decides** to allocate the loss for the financial year ended on December 31, 2011, amounting to (6,647,651.00) €, to the carry forward account, which will then amount to (109,761,036) €.

*Translated from French*

It is recalled, pursuant to article “243 bis” of the French General Tax Code, that no dividend was distributed for the fiscal years ended December 31, 2011, December 31, 2010 and December 31, 2009.

**THIRD RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Mrs. Catherine Bréchnignac expires at the end of this meeting,

**Decides** to renew her office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Catherine Bréchnignac has declared that she has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**FOURTH RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Mr. Guillaume Cerutti expires at the end of this meeting,

**Decides** to renew his office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Guillaume Cerutti has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**FIFTH RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Francis J.T. Fildes expires at the end of this meeting,

**Decides** to renew his office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Francis J.T. Fildes has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**SIXTH RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Ambassador Craig Stapleton expires at the end of this meeting,

**Decides** to renew his office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Ambassador Craig Stapleton has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**SEVENTH RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Elie Vannier expires at the end of this meeting,

**Decides** to renew his office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Elie Vannier has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**EIGHTH RESOLUTION**

*Renewal of a Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report, acknowledging that the term of the Director's office of Stephen H. Willard expires at the end of this meeting,

**Decides** to renew his office for one (1) year, to expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Stephen H. Willard has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

*Translated from French*

The General Shareholders meeting acknowledges that the term of the Director's office of Mr. Lodewijk J.R. De Vink and Mr. John L. Vogelstein expires at the end of this meeting and takes advantage of the present meeting to thank them for their work as director and respectively, Mr. De Vink, as Chairman of the Compensation Committee, and Mr. Vogelstein, as Chairman of the Nominating Committee.

**NINTH RESOLUTION**

*Appointment of a new Director*

The General Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report,

**Decides** to appoint Mr. Michael S. Anderson as Director of the Company for one (1) year that will expire at the end of the General Shareholders' Meeting called on to approve the financial statements for the fiscal year ending December 31, 2012.

Michael S. Anderson has declared that he has complied with all the conditions required by applicable laws and regulations in order to hold such office.

**TENTH RESOLUTION**

*Determination of the annual amount of Directors' attendance fees (jetons de presence)*

The General Shareholders' Meeting voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of the Board of Directors' management report,

**Decides** to allocate to the Board of Directors, under condition of adoption of resolution three to eight, a maximum aggregate amount two thousand twenty five hundred Euros (225,000€) as annual attendance fees for the fiscal year ending December 31, 2012.

The General Shareholders' Meeting acknowledges that the Board will determine the allocation and payment date of said attendance fees.

**ELEVENTH RESOLUTION**

*Approval of agreements referred to in article L. 225-38 et seq. of the French Commercial Code*

The General Shareholders' Meeting voting under the quorum and majority conditions for ordinary general meetings,

After having heard a reading of statutory auditor's special report regarding the agreements referred to in article L. 225-38 et seq. Of the French Commercial Code,

**Approves** the agreements entered into or previously authorized and which remained into force during the fiscal year ended December 31, 2011, together with the transactions mentioned therein.

*Translated from French*

**- RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY GENERAL  
SHAREHOLDERS' MEETING -**

**TWELFTH RESOLUTION**

*Authorization to be granted to the Board of Directors to allocate one million (1,000,000) stock options and taking note of the resulting capital increases.*

The General Shareholders' Meeting, deliberating under the conditions of quorum and majority required for Extraordinary General Meetings,

After having heard a reading of the report of the Board of Directors and of the special report of the Statutory Auditor,

In accordance with Articles L. 225-177 et seq. Of the French Commercial Code,

1. Decides to authorize the Board of Directors for a term of thirty eight months, to grant in one or several times, for the benefit of employees of the Company or of some of them, as well as for the benefit of executive officers, as referred to in Article L. 225-185 paragraph 4 of the French Commercial Code, a maximum number of one million (1,000,000) options giving right to the subscription for shares of the Company to be issued as capital increase of the Company.
2. Decides that each option shall entitle to the subscription for one share of the Company and that the subscription price of each share by the beneficiaries of the options, which shall be determined by the Board of Directors on the date when such options are granted by the Board, will be the closing market price for the share, in the form of ADS, on the NASDAQ Global Market, on the day preceding the date of the meeting of the Board of Directors, provided that such price shall not be less than 80% of the average of the closing market price for the share on the NASDAQ Global Market, in the form of ADS, during the last twenty trading days preceding the meeting. In this case, the price for the share shall be equal or superior to 80% of the average of the closing market price for the share on the NASDAQ Global Market, in the form of ADS, during the last twenty trading days preceding the meeting. The price of the shares, thus determined by the Board of Directors, may not subsequently be modified during the option period. However, in accordance with Article L. 225-181 paragraph 2 of the French Commercial Code, when the Company conducts a share capital redemption or a share capital reduction, a change in the profit distribution, a free allocation of shares, an incorporation of reserve, profit, share premium to the share capital, a distribution of reserves or any issue of shares or of securities giving right to the allocation of shares with a preferential right to subscribe shares reserved to the shareholders, the Company shall take all necessary measures to protect the interests of the options beneficiaries pursuant to article L. 228-99 of the French Commercial Code.
3. Decides that the options shall be exercised within a maximum ten-year term as from the date they were granted by the Board of Directors.
4. Decides to authorize the Board of Directors and to grant it all powers in order to:
  - (i) set the terms and conditions of grant of the options, freely determine the beneficiaries of such options, subject to the provisions of applicable laws and regulations, and, within such framework, if it considers it appropriate, set the obligation for each beneficiary to be an employee of the Company and/or of the companies referred to in Article L. 225-180-I of the French Commercial Code, and/or to be an officer of the Company within the meaning of Article L. 225-185 paragraph 4 of the French Commercial Code, at the time of the exercise of the options;

*Translated from French*

- (ii) set, if it considers it appropriate, a period of untransferability of the subscribed shares, in accordance with the conditions provided by applicable laws and regulations,
  - (iii) set the subscription price of the shares to which the options thus granted give right, in accordance with the terms and conditions determined by the Extraordinary General Shareholders' Meeting,
  - (iv) set the exercise period(s) of the options thus granted, subject to the prohibitions and/or limitations provided by applicable laws and regulations and the by-laws in this regard, at the times that it will deem to be appropriate.
5. Decides to authorize the Board of Directors and to grant it all powers for the purpose of issuing a maximum of 1,000,000 shares with an approximate nominal value of 0.12196 €, and accordingly, increasing the share capital in a maximum nominal amount of 121,960.00 €.
6. Acknowledges that, in accordance with Article L. 225-178 paragraph 1 of the French Commercial Code, the authorization thus granted to the Board of Directors entails, for the benefit of options beneficiaries, express waiver, by the shareholders, of the preferential right to subscribe for the shares that will be issued subsequently to the exercise of options.
7. Decides accordingly to authorize the Board and to grant it all powers in order to:
- (i) Receive the subscriptions and related payments,
  - (ii) Deposit the funds in a bank account in accordance with the law,
  - (iii) Acknowledge the number of shares issued as a consequence of the exercises of the options granted, in accordance with the provisions of Article L. 225-178 paragraph 3 of the French Commercial Code, to amend the by-laws accordingly and, more generally,
  - (iv) Take all measures necessary to implement the capital increase and complete all formalities required by law.

**THIRTEENTH RESOLUTION**

*Authorization to be granted to the Board of Directors to allocate two hundred thousand (200,000) shares at no cost ("free shares") and establishment of the subsequent capital increases.*

The General Meeting, deliberating under the conditions of quorum and majority required for Extraordinary General Meetings,

After hearing the reading of the report by the Board of Directors and the audit report by the Statutory Auditors,

In application of Articles L. 225-197-1 et seq. Of the French Commercial Code:

- 1. Authorizes the Board of Directors to proceed, in one or several times, with the free allocation of the Company's shares, existing or to be issued, for the benefit of the employees of the Company or the companies and the economic interest groupings which are linked to it pursuant to the conditions stipulated in Article L. 225-197-2 of the French Commercial Code or for the benefit of the company managers referred to in Article L. 225-197-1, II of the French Commercial Code;

*Translated from French*

2. Decides that the Board of Directors shall determine the identity of the beneficiaries, who can be employees or certain categories thereof of both the company and the companies which are affiliates, pursuant to the conditions of Article L 225-197-2 of the French Commercial Code and/or the company managers who meet the conditions of Article L 225-197-1 of the French Commercial Code;
3. Decides that the Board of Directors shall determine the conditions and, where appropriate, the criteria for allocation of the shares;
4. Decides that the total number of shares freely allocated is fixed at two hundred thousand shares (200,000), excluding adjustment of this number in order to take account of the operations necessary for preserving the rights of the beneficiary. In any event, the number of shares that can be allotted free of charge by the Board by virtue of the present delegation cannot exceed ten percent (10%) of the registered capital existing on the day of the first allocation;
5. Decides that allocation of the shares to the French fiscal resident beneficiaries will be definitive only on expiry of a minimum acquisition period of two (2) years and that the minimum duration of the beneficiary's obligation of conservation at the end of the acquisition period is fixed at two (2) years, the Board of Directors having the option of extending either of the time limits. Nonetheless, the shares will be definitively allocated prior to expiry of this period in the event of disability of the beneficiary corresponding to classification in the second or third of the categories provided for in Article L 341-4 of the French Social Security Code;
6. decides, in dispensation from the above, that beneficiaries who are not residents of France on the allocation date, for whom the taxable event coincides with the end of the acquisition period, will be allocated the shares definitively on expiry of a minimum acquisition period of four (4) years, except in the event of disability, as stated above. The securities will not then be subject to a holding period.
7. Takes due cognizance that, concerning the shares to be issued, the present decision will include, at the end of the acquisition period, a capital increase through incorporation of reserves, profits or share premiums in favor of the beneficiaries of said shares and correlative renunciation by the shareholders in favor of said beneficiaries to the part of the reserves, profits or premiums thus incorporated;
8. Fixes at thirty-eight (38) months, as from the date of the present meeting, the duration of validity of the present authorization;
9. Delegates all powers to the board of directors in order to implement the present authorization within the limits fixed above and thus determine the effects on the rights of the beneficiaries of the operations modifying the capital or likely to influence the value of the shares to be allotted and realized during the periods of acquisition and conservation; where appropriate, to establish the existence of sufficient reserves and proceed, at the time of each allotment, with transfer to a non-available reserves account of the sums required for paying up the new shares to be allotted; to decide on capital increase(s) through the incorporation of reserves, premiums or profits correlative to the issuance of new shares allotted free of charge; to proceed with acquisitions of the necessary shares by means of offers of sale made to all shareholders proportionally to the number of ordinary shares held by each of them; to take all useful measures for ensuring compliance with the obligation of conservation required of the beneficiaries; and, generally, to do everything, within the scope of the regulations in force, that the implementation of the present authorization will require;
10. Takes due cognizance of the fact that, in the event that the board of directors should make use of this authorization, it shall inform the ordinary general meeting each year of the operations performed by virtue of the provisions stipulated in articles l. 225-197-1 to l. 225-197-3 of the french commercial code pursuant to the conditions stipulated by article l. 225-197-4 of said code.

**FOURTEENTH RESOLUTION**

*Modifications of the terms and conditions by which a holder may exercise warrants issued and approved by the Board of Directors on June 24, 2009, as a result of powers delegated by the General Shareholders' Meeting of June 24, 2009*

The General Meeting, deliberating under the conditions of quorum and majority required for Extraordinary General Meetings,

After hearing the reading of the report by the Board of Directors,

After having acknowledged the decisions of the Special General Meeting of the warrant holders, approving the modification of the terms and conditions of the warrants issued in 2009 (BSA<sup>2009</sup>),

In accordance with Article L. 228-103 et seq. Of the French Commercial Code,

1. Decides to grant to the holders of such BSA<sup>2009</sup> the right to retain the possibility to exercise their BSA<sup>2009</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2009</sup>.
2. Decides, therefore, to modify the conditions for exercise of the BSA<sup>2009</sup> resulting from the twelfth resolution of the General Shareholders' Meeting), of June 24, 2009 and issued by the Board of Directors on the same day, as follows:

The fifth paragraph of the twelfth resolution of the General Shareholders' Meeting of June 24, 2009 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2009</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2009</sup>»

3. The remainder of the above-mentioned resolution of the General Shareholders' Meeting of June 24, 2009 remains unchanged.

**FIFTEENTH RESOLUTION**

*Modification of the terms and conditions by which a holder may exercise warrants issued and approved by the Board of Directors on June 25, 2010, as a result of powers delegated by the General Shareholder' Meeting of June 25, 2010.*

The General Meeting, deliberating under the conditions of quorum and majority required for Extraordinary General Meetings,

After hearing the reading of the report by the Board of Directors,

After having acknowledged the decisions of the Special General Meeting of the warrant holders, approving the modification of the terms and conditions of the warrants issued in 2010 (BSA<sup>2010</sup>),



***Translated from French***

In accordance with Article L. 228-103 et seq. Of the French Commercial Code,

1. Decides to grant to the holders of such BSA<sup>2010</sup> the right to retain the possibility to exercise their BSA<sup>2010</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2010</sup>.
2. Decides, therefore, to modify the conditions for exercise of the BSA<sup>2010</sup> resulting from the twelfth resolution of the General Shareholders' Meeting), of June 25, 2010 and issued by the Board of Directors on the same day, as follows:

The fifth paragraph of the thirteenth resolution of the General Shareholders' Meeting of June 25, 2010 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2010</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2010</sup>»

3. The remainder of the above-mentioned resolution of the General Shareholders' Meeting of June 25, 2010 remains unchanged.

**SIXTEENTH RESOLUTION**

*Modification of the terms and conditions by which a holder may exercise warrants issued and approved by the Board of Directors on June 24, 2011, as a result of powers delegated by the General Shareholder' Meeting of June 24, 2011*

The General Meeting, deliberating under the conditions of quorum and majority required for Extraordinary General Meetings,

After hearing the reading of the report by the Board of Directors,

After having acknowledged the decisions of the Special General Meeting of the warrant holders, approving the modification of the terms and conditions of the warrants issued in 2011 (BSA<sup>2011</sup>),

In accordance with Article L. 228-103 et seq. Of the French Commercial Code,

1. Decides to grant to the holders of such BSA<sup>2011</sup> the right to retain the possibility to exercise their BSA<sup>2011</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2011</sup>.
2. Decides, therefore, to modify the conditions for exercise of the BSA<sup>2011</sup> resulting from the twelfth resolution of the General Shareholders' Meeting), of June 24, 2011 and issued by the Board of Directors on the same day, as follows:

***Translated from French***

The fifth paragraph of the fourteenth resolution of the General Shareholders' Meeting of June 24, 2011 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2011</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2011</sup>»

3. The remainder of the above-mentioned resolution of the General Shareholders' Meeting of June 24, 2011 remains unchanged.

**SEVENTEETH RESOLUTION**

*Issuance of a total of 2,200,000 stock warrants ("bons de souscription d'actions" or "BSA") reserved for Eclat Holdings, LLC or its successor company; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.*

The General Shareholders' Meeting, voting under the quorum and majority requirements for extraordinary general meetings, after having heard a reading of the Board of Directors' report and Statutory Auditor's special report, acknowledging that the share capital of the Company is fully paid up,

In accordance with the provisions of Articles L. 225-138 and L. 228-91 *et seq.* Of the French Commercial Code,

After having reminded all that, in connection with the acquisition of Eclat Pharmaceuticals, LLC, a company incorporated under the Laws of the State of Delaware, the Company issued on March 13, 2012 a warrant agreement to Eclat Holdings, LLC that, subject to approval by the Company's shareholders, gives Eclat Holdings, LLC or any subsequent holder of the warrant the right to purchase, for an exercise price of USD 7.44, 2,200,000 American Depositary Shares ("ADS") of the Company, each ADS representing one ordinary share, for a term of up to six years from its date of issuance (or seven years if shareholder approval is not obtained by March 13, 2014),

1. Authorizes, for the purposes of the issuance of the ordinary shares underlying these ADS to be issued in case of exercise of this warrant, the issuance of 2,200,000 stock warrants (BSA) , in accordance with the conditions as determined by the warrant agreement, and the creation of the corresponding ordinary shares;
2. Decides to cancel the preferential right of subscription attributed to the shareholders by Article L. 225-132 of the French Commercial Code and to reserve the subscription of these 2,200,000 stock warrants (BSA) to Eclat Holdings, LLC or any subsequent holder of the warrants;
3. Acknowledges that the issuance of the warrant forms part of the consideration relative to the acquisition of Eclat Pharmaceuticals, LLC, and no subscription price will be received when the stock warrants (BSA) are granted;

*Translated from French*

4. Decides that each of the 2,200,000 stock warrants (BSA) will give its holder, either Eclat Holdings, LLC or any subsequent holder of the warrant, the right to subscribe to one (1) ordinary share of the Company for the price of USD7.44. This price will have to be fully paid up on exercise either in cash or by off-set against outstanding receivables, as provided by the warrant agreement; nevertheless the holder may exercise the stock warrants (BSA) without payment in certain circumstances, such that the number of ordinary shares to be issued will be reduced in accordance to the equivalent amount of the positive difference between the stock price of the ADS of the Company on the NASDAQ Global Market and the exercise price, and calculated according to the modalities provided by section 3 (ii) of the warrant agreement.
5. Decides that the exercise of the warrants takes place exclusively on receipt by the Company, at any time, of an official notification of exercise of the warrant in advance by Eclat Holdings, LLC or any subsequent holder of the said warrant, in accordance with the terms and conditions of the warrant agreement, for a total number of stock warrants (BSA) corresponding to the number of ADS for which Eclat Holdings, LLC or any subsequent holder of the warrant will have exercised the warrant.
6. Decides that each warrant shall have a term of six (6) years from the issuance date of the warrant, or seven (7) years from the date of issuance if shareholder approval is not obtained prior to March 13, 2014. If its holder fails to exercise the warrant in whole or in part at the expiry of the above mentioned period, the stock warrants (BSA) and the attached right to subscribe will automatically be void and null;
7. Decides that each stock warrant (BSA) shall be freely transferable, in whole or in part, subject to the prior and regular assignment and registration of the warrant;
8. Decides, as necessary, that all other terms and conditions of exercise of the stock warrants (BSA) as well as all other rights and obligations of their holder or the Company shall be, *mutatis mutandis*, identical to the conditions of exercise of such warrant as well as the rights and obligations of the holder of the warrant or the Company, as provided by such warrant agreement and subject, as the case may be, to applicable laws;
9. Decides that the subscription period of such stock warrants (BSA) will be open starting from the date of this General Shareholders' Meeting and until December 31, 2012;
10. Decides that, upon issuance of the stock warrants (BSA), the Company shall be entitled to modify its form or its business purpose, modify the rules regarding the distribution of its profits, redeem its capital, create preferred shares resulting in such a change or redemption, subject, as the case may be, to meeting the obligations of the warrant agreement and Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code;
11. Decides that, in the event the Company issues, under any circumstances, new shares with a preferential right to subscribe reserved to its shareholders, or if the Company conducts a distribution of its reserves, in cash or in kind, and of its share premiums or if the Company changes the allocation of its profits through the issuance of preferred shares, the Company will take all the necessary measures to protect the interests of the holders of the stock warrants (BSA) pursuant to the provisions of Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code;
12. Decides that, in the case of a capital reduction, whether or not motivated by losses, and conducted through either a decrease of the shares' value or a decrease of the shares' number, the rights of the holders of the stock warrants (BSA) will be decreased accordingly as if they had been exercised before the date on which the capital decrease has become final;
13. Consequently and in accordance with the provisions of Article L. 228-91 of the French Commercial Code, authorizes the issuance of a maximum of two million two hundred thousand (2,200,000) new ordinary shares of an approximate nominal value of EUR 0.12196 each to which the exercise of the stock warrants (BSA) will give rise, that is a capital increase of an approximate maximum nominal amount of EUR 268,312.00

*Translated from French*

14. Decides that the new shares remitted to the subscriber on exercise of the stock warrants (BSA) will be subject to all the provisions of the bylaws of the Company and will carry distribution rights from the date of their issuance;
15. Acknowledges that, in accordance with Article L. 225-132 paragraph 6 of the French Commercial Code, the decision of the General Shareholders' Meeting automatically entails the waiver by the shareholders of their preferential rights in respect of the shares which may be issued upon exercise of the stock warrants (BSA), for the benefit of the holder(s) of the above-mentioned 2,200,000 stock warrants (BSA);
16. Acknowledges that such stock warrants (BSA) shall be issued within a maximum period of eighteen (18) months from the date of the General Meeting in accordance with Article L. 225-138 of the French Commercial Code;
17. Decides to grant the Board of Directors all necessary powers to implement this decision under the terms and conditions set forth in the present resolution and by law, and in particular:
  - to issue the stock warrants (BSA) for the benefit of Eclat Holdings, LLC,
  - to gather the subscriptions to the stock warrants (BSA) by Eclat Holdings, LLC,
  - to order early closing of the subscription or extend it, depending on the case,
  - to record the number of shares issued due to exercise of the stock warrants (BSA), to carry out the formalities resulting from the corresponding capital increases and to make the related modifications of the articles of association,
  - to prepare and file, with assistance from the Company's officers and outside advisors, a registration statement with the United States Securities and Exchange Commission to register the ADS to be issued upon exercise of any of the stock warrants (BSA),
  - to take any steps to ensure protection of the holder(s) of stock warrants (BSA) in case of a financial operation concerning the Company, this pursuant to the legal and regulatory provisions in effect, and
  - generally, to take all steps and to carry out all formalities that are useful in connection with the present issuance.

**EIGHTEENTH RESOLUTION**

*Issuance of a total of 1,100,000 ("bons de souscription d'actions" or "BSA") reserved for Eclat Holdings, LLC or its successor company; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.*

The General Shareholders' Meeting, voting under the quorum and majority requirements for extraordinary general meetings, after having heard a reading of the Board of Directors' report and Statutory Auditor's special report, acknowledging that the share capital of the Company is fully paid up,

In accordance with the provisions of Articles L. 225-138 and L. 228-91 *et seq.* Of the French Commercial Code,

*Translated from French*

After having reminded all that, in connection with the acquisition of Eclat Pharmaceuticals, LLC, the Company issued on March 13, 2012 a warrant agreement to Eclat Holdings, LLC that, subject to approval by the Company's shareholders, gives Eclat Holdings, LLC or any subsequent holder of the warrant the right to purchase, for an exercise price of USD 11.00, 1,100,000 American Depositary Shares ("ADS") of the Company, each ADS representing one ordinary share, for a term of up to six years from its date of issuance (or seven years if shareholder approval is not obtained by March 13, 2014),

1. Authorizes, for the purposes of the issuance of the ordinary shares underlying these ADS to be issued in case of exercise of this warrant, the issuance of 1,100,000 stock warrants (BSA), in accordance with the conditions as determined by the warrant agreement, and the creation of the corresponding ordinary shares;
2. Decides to cancel the preferential right of subscription attributed to the shareholders by Article L. 225-132 of the French Commercial Code and to reserve the subscription of these 1,100,000 stock warrants (BSA) to Eclat Holdings, LLC or any subsequent holder of the warrants;
3. Acknowledges that the issuance of the warrant forms part of the consideration relative to the acquisition of Eclat Pharmaceuticas, LLC and no subscription price will be received when the stock warrants (BSA) are granted;
4. Decides that each of the 1,100,000 stock warrants (BSA) will give its holder, either Eclat Holdings, LLC or any subsequent holder of the warrant, the right to subscribe to one (1) ordinary share of the Company for the price of USD11.00. This price will have to be fully paid up on exercise either in cash or by off-set against outstanding receivables, as provided by the warrant agreement; nevertheless the holder may exercise the stock warrants (BSA) without payment in certain circumstances, such that the number of ordinary shares to be issued will be reduced in accordance to the equivalent amount of the positive difference between the stock price of the ADS of the Company on the NASDAQ Global Market and the exercise price, and calculated according to the modalities provided by section 3 (ii) of the warrant agreement.
5. Decides that the exercise of the warrants takes place exclusively on receipt by the Company, at any time, of an official notification of exercise of the warrant in advance by Eclat Holdings, LLC or any subsequent holder of the said warrant, in accordance with the terms and conditions of the warrant agreement, for a total number of stock warrants (BSA) corresponding to the number of ADS for which Eclat Holdings, LLC or any subsequent holder of the warrant will have exercised the warrant.
6. Decides that each warrant shall have the same term as the one of the warrant, namely six (6) years from the issuance date of the warrant (or seven (7) years from the issuance date if shareholder approval is not obtained by March 13, 2014). If its holder fails to exercise the warrant in whole or in part at the expiry of the above mentioned period, the stock warrants (BSA) and the attached right to subscribe will automatically be void an null;
7. Decides that each stock warrant (BSA) shall be freely transferable, in whole or in part, subject to the prior and regular assignment and registration of the warrant;
8. Decides, as necessary, that all other terms and conditions of exercise of the stock warrants (BSA) as well as all other rights and obligations of their holder or the Company shall be, *mutatis mutandis*, identical to the conditions of exercise of such warrant as well as the rights and obligations of the holder of the warrant or the Company, as provided by such warrant agreement and subject to applicable laws;
9. Decides that the subscription period of such stock warrants (BSA) will be open starting from the date of this General Shareholders' Meeting and until December 31, 2012;

*Translated from French*

10. Decides that, upon issuance of the stock warrants (BSA), the Company shall be entitled to modify its form or its business purpose, modify the rules regarding the distribution of its profits, redeem its capital, create preferred shares resulting in such a change or redemption, subject, as the case may be, to meeting the obligations of the said warrant agreement and Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code.
11. Decides that, in the event the Company issues, under any circumstances, new shares with a preferential right to subscribe reserved to its shareholders, or if the Company conducts a distribution of its reserves, in cash or in kind, and of its share premiums or if the Company changes the allocation of its profits through the issuance of preferred shares, the Company will take all the necessary measures to protect the interests of the holders of the stock warrants (BSA) pursuant to the provisions of Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code;
12. Decides that, in the case of a capital reduction, whether or not motivated by losses, and conducted through either a decrease of the shares' value or a decrease of the shares' number, the rights of the holders of the stock warrants (BSA) will be decreased accordingly as if they had been exercised, before the date on which the capital decrease has become final;
13. Consequently and in accordance with the provisions of Article L. 228-91 of the French Commercial Code, authorizes the issuance of a maximum of one million one hundred thousand (1,100,000) new ordinary shares of an approximate nominal value of EUR 0.12196 each to which the exercise of the stock warrants (BSA) will give rise, that is a capital increase of an approximate maximum nominal amount of EUR 134,156.00;
14. Decides that the new shares remitted to the subscriber on exercise of the stock warrants (BSA) will be subject to all the provisions of the bylaws of the Company and will carry distribution rights from the date of their issuance;
15. Acknowledges that, in accordance with Article L. 225-132 paragraph 6 of the French Commercial Code, the decision of the General Shareholders' Meeting automatically entails the waiver by the shareholders of their preferential rights in respect of the shares which may be issued upon exercise of the stock warrants (BSA), for the benefit of the holder(s) of the above-mentioned 1,100,000 stock warrants (BSA);
16. Acknowledges that such stock warrants (BSA) shall be issued within a maximum period of eighteen (18) months from the date of the General Meeting in accordance with Article L. 225-138 of the French Commercial Code;
17. Decides to grant the Board of Directors all necessary powers to implement this decision under the terms and conditions set forth in the present resolution and by law, and in particular:
  - to issue the stock warrants (BSA) for the benefit of Eclat Holdings, LLC,
  - to gather the subscriptions to the stock warrants (BSA) by Eclat Holdings, LLC,
  - to order early closing of the subscription or extend it, depending on the case,
  - to record the number of shares issued due to exercise of the stock warrants (BSA), to carry out the formalities resulting from the corresponding capital increases and to make the related modifications of the articles of association,
  - to prepare and file, with assistance from the Company's officers and outside advisors, a registration statement with the United States Securities and Exchange Commission to register the ADS to be issued upon exercise of any of the stock warrants (BSA),
  - to take any steps to ensure protection of the holders of stock warrants (BSA) in case of a financial operation concerning the Company, this pursuant to the legal and regulatory provisions in effect, and

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- generally, to take all steps and to carry out all formalities that are useful in connection with the present issue.

**NINETENTH RESOLUTION**

*Authorization to be granted to the Board of Directors to increase the share capital by issuing of shares reserved for the members of a company savings plan established in application of Articles L.3332-18 et seq. of the French Labor Code.*

The General Shareholders' Meeting, voting under the quorum and majority requirements for extraordinary general meetings, after having heard a reading of the Board of Directors' report and Statutory Auditor's special report, acknowledging that the share capital of the Company is fully paid up,

In accordance with the provisions of Articles L. 225-129, L. 225-129-1, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Article L. 3332-18 et seq. Of the French Labor Code,

1. Authorizes the Board of Directors to carry out, on one or more occasions, on its own resolution, an increase of the share capital, through the issuance of shares reserved, directly or through an Employee Profit Sharing FCP ("*Plan Epargne entreprise*"), to members of a company sponsored saving plan, as provided for in Article L. 3332-18 et seq. Of the Labor Code, for employees of the Company or its affiliates, as defined under Article L. 225.180 of the French Commercial Code, who shall meet additional criteria to be defined by the Board, if any (the "Group Employees");
2. Decides to cancel, in favor of those Group Employees, the preferential subscription rights of the shareholders set forth in Article L. 225-132 of the French Commercial Code, to the shares to be issued under this resolution;
3. Decides that this authorization is granted for a term of twenty-six (26) months starting from the date of this General Shareholders' Meeting;
4. Decides to set at 1% of the share capital, as of the date of this meeting, the issuance of shares that could result from the use of this authorization;
5. Decides that the subscription price per share for the shares to be issued in accordance with this authorization shall be determined by the Board of Directors in accordance with Article L. 3332-18 of the French Labor Code;
6. Decides to grant the Board of Directors with all powers necessary to implement this resolution in accordance with applicable laws and regulations, and subject to the limitations and conditions specified above;
7. Acknowledges that, in the event the Board uses this authorization, it shall so inform the next ordinary general meeting of the shareholders of the operations in accordance with applicable laws and regulations.

**TWENTIETH RESOLUTION**

*Powers for formalities.*

The General Shareholders' Meeting grants a power of attorney to the bearer of an original, an extract or a copy hereof, in order to effect all publication, filing and other formalities required by law.

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**FLAMEL TECHNOLOGIES**

*Société Anonyme* with a share capital of Euros 3,044,396

Registered Office :

Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX (France)

379 001 530 R.C.S. LYON

**MANAGEMENT REPORT BY THE BOARD OF DIRECTORS**

**TO THE ORDINARY SHAREHOLDERS MEETING**

**HELD ON JUNE 22, 2012**

To the Shareholders,

Pursuant to French law and the Company's Articles of Incorporation, the Board of Directors has called an ordinary shareholders meeting to present to you the report concerning FLAMEL's ("the Company") situation and business during the financial year ending on December 31, 2011 (the "Financial Year") and to submit the annual financial statements concerning the said Financial Year for your approval.

In addition, we propose to you that you renew the terms of the directors for the coming year, with the exception of Mr. Lodewijk J.R. De Vink and Mr. John L. Vogelstein as mentioned below, and that you appoint one new director.

At the Ordinary shareholders meeting, you will hear a reading of the reports by the auditor.

The auditor reports, the annual financial statements, as well as all documents relating thereto were made available to you at the registered office under legal and regulatory conditions.

The annual financial statements presented to you have been established in accordance with French accounting laws, principles and methods.

Please note that the accounting methods used to prepare the said annual financial statements are the same as the ones used for previous financial years.



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**I. THE COMPANY'S ACTIVITY**

Over the course of 2010 and 2011 we have attempted to maintain a diversified revenue stream. Currently we are working with six of the top twenty-five pharmaceutical companies in the world, based on annual healthcare revenue: our joint development programs comprise of seventeen feasibility or license and development projects. These projects are being conducted across a wide range of indications and involve new formulations of both novel and already-marketed molecules. Nine of these apply the Medusa platform and eight are Micropump formulations, including several Trigger Lock formulations.

As in previous years, in 2011 our scientists have been dedicated to executing the research programs signed with our partners and fundamental internal research programs, including those for which we have obtained government funding.

The majority of these programs are early stage and pre-clinical programs. During 2011 we concluded three new license agreements, one with Eagle Pharmaceuticals and two further agreements with undisclosed partners based on our Micropump technology. Over 2011 our project portfolio has reduced resulting in the decrease in research and development revenues. Notably, in late 2011, we discontinued our Medusa technology collaboration with Baxter Pharmaceuticals due to both technical difficulties and strategic priorities of our partner. In early 2012, we discontinued our Medusa technology collaboration with Pfizer following their decision not to pursue development activities.

Discussions on potential license and development agreements have proven to be slower than expected, and we have entered into joint development agreements for pre-clinical and clinical development of multiple products with Digna Biotech SL and similarly with Theralpha SAS.

The lead product using our Micropump technology is Coreg CR, on which we commenced development with GSK in 2003. The product was approved in 2006 and is marketed and sold in the U.S. We signed a new supply agreement with GSK, effective on January 1, 2011 for the production of Coreg CR microparticles. This agreement defines the manufacturing relationship between the two companies following the expiration of the previous supply agreement on December 31, 2010.

The expiration of the Hatch-Waxman exclusivity period in April 2010 could open Coreg CR to generic competition from one or more competitors following approval of an Abbreviated New Drug Application (ANDA). To date, three ANDA filings have been submitted to the FDA. The first was submitted by URL Pharma in March 2008 and in March 2011, we received notice of a second filing submitted by Lupin Pharmaceuticals. In May 2011, we announced the filing of a lawsuit in the U.S. District Court for the District of Columbia against Lupin for infringement of our US Patent No. 6,022,562, which is associated with Coreg CR. We have also received an ANDA letter of notification from Anchen Pharmaceuticals regarding only the 40 mg. dosage strength. To date, no generic formulation of Coreg CR has yet been approved by the U.S. Food and Drug Administration (FDA).

Flamel also has several important programs that currently are not partnered. Our formulation of Interferon-Alpha XL, a long acting formulation of Interferon-Alpha, is one of our more important development programs and is an example of the potential of the Medusa platform to improve the safety and efficacy of therapeutic proteins. Interferon-alpha is a naturally occurring protein that the body uses as part of its immune response and which is part of the current standard of care for the treatment of Hepatitis C virus.

A Phase 2 study comparing two dosage forms of our IFN-alpha XL plus ribavirin versus Peg Intron<sup>®</sup> plus ribavirin in genotype 1 hepatitis C patients, initiated in December 2009 by the *Agence Nationale de Recherche sur le SIDA (AIDS) et les Hépatites Virales (ANRS)* is still ongoing. We announced preliminary top-line safety results of the IFN-alpha 12 week study at the American Association for the Study of Liver Diseases (AASLD) annual conference in San Francisco in November, 2011. The results indicate

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that IFN-alpha XL is well-tolerated, with fewer adverse results reported as compared to patients who received Peg Intron. We have also conducted two previous studies that demonstrated promising results of the formulation as compared to Intron-A® (immediate release interferon-alpha 2b, marketed by Schering Plough, since acquired by Merck & Co, Inc.) and Peg Intron (pegylated interferon-alpha 2b, also marketed by Schering Plough (since acquired by Merck & Co, Inc.)).

The worldwide market for alpha interferon drugs exceeded \$2.2 billion in 2011. We continue to explore licensing opportunities with interested parties for the further development of the Medusa platform with respect to interferon-alpha.

Our diversified portfolio complements the activity and revenues generated by Coreg CR, which in 2011 contributed to 67% of our revenues. Maintaining a diversified product, project and customer portfolio is critical to our ongoing success and our goal is to retain a steady number of externally funded feasibility programs in our pipeline to replace the programs that may be licensed or which do not move forward into further development. We will continue to pursue our existing strategy in the future and will support programs that partners decide to pursue for development, while continuing to invest in internal research programs to develop our next generation technology platforms.

## II. RESULTS OF THE FINANCIAL YEAR ACTIVITY

The following results have been prepared in accordance with French accounting standards, which have been applied consistently with prior year.

### 1 .. Income Statement

Revenues for fiscal year 2011 amount to 22.5 million €, compared with 26.6 million € in 2010. The 2011 revenues include 9.6 million € in product sales, 2.1 million € of License revenue, 4.6 million € of Research revenue and 6.2 million € in Royalties.

Payroll, including social charges, representing 46.5 % of total operating expenses, decreased by 8.8 % in 2011 to 17.2 million €, compared with 18.9 million € in 2010. This is due to the decrease in staff since mid-2010 as we have sought to optimize our resources as a function of our existing project and partnership portfolio.

Operating expenses have decreased compared with 2010 (-10.8%) as we have maintained tight cost controls in an attempt to align and adapt our costs to the revenue stream.

Financial net income, standing at 587,988 € in 2011, is generated from interest earned from investing our available cash and we continue to benefit from preferential interest rates negotiated on fixed term deposits.

Net loss before taxes and extraordinary income in 2011 amounted to (13.1) million €, compared with a loss of (14.5) million € in 2010.

After accounting for an extraordinary result of 1.6 million € and of a research tax credit amounting to 4.9 million €, the net loss for the financial year was (6,647,651) € compared to a net loss of (7,158,443) € in the previous financial year.

### 2 .. Balance sheet

#### Assets

Total assets as of December 2011 amounted to 56.0 million €, including 16.9 million € in Property, Plant and Equipment and 38.3 million € in current assets.

Accounts receivable as of December 31, 2011 stood at 6.0 million €.

Treasury placements totalled 16.3 million € at the end of 2011, including funds invested on the money market (2.8 M€) and fixed term deposits (13.5 M€), to be compared with 17.3 million € at the end of 2010.

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### Liabilities

Shareholders equity, including current year results, amounts to 35.0 million €.

Remaining liabilities amount to 21.0 million €, including 2.9 million € in accounts payable, 2.9 million € in advances from the “French government” for R&D projects, 4.2 million € in social and tax liabilities and 5.2 million € regarding an advance received in 2011 from OSEO, a French government agency, secured against Research and Development tax credits from 2010.

### **3 .. Capital Investments**

Capital investments during the financial year amounted to 1.2 million €, mainly for ongoing requirements in R&D equipment and facilities maintenance.

### **4 .. Financing**

The Company made no significant external financing transactions during the 2011 fiscal year.

The financial statements are subject to shareholders’ approval at the Ordinary shareholders meeting. (*First resolution*)

### **III. ALLOCATION OF EARNINGS**

The financial statements as presented to you show a net loss for the financial year of (6,647,651) €.

We propose to you to allocate this entire loss of (6,647,651) € to the retained earnings account, which, following that allocation, will amount to (109,761,036)€ (*Second resolution*).

### **IV. DIVIDENDS PAID FOR THE LAST THREE FINANCIAL YEARS AND THE CORRESPONDING TAX CREDIT**

We inform you, pursuant to Article 243 bis of the General Taxation Code, that no dividends were distributed during the last three financial years.

### **V. NON DEDUCTIBLE CHARGES**

During the financial year 2011 the company recorded 32,679 € in excess depreciation that is not tax-deductible.

In the 2011 financial year the company also incurred 309 498 € in Directors attendance fees that are not tax deductible.

### **VI. PAYMENT TERMS**

Since January 1, 2009, the French law « Loi de Modernisation de l’Economie (LME) » requires a reduction and harmonization of payment terms.

The new laws on maximum payment terms are applicable to all economic entities.

The payment terms applied by the Company were for the most part in compliance with the law. Payment terms of accounts payable as at December 31, 2011 were as follows:

**Accounts Payable as at December 31, 2011**

**Total Accounts Payable in k€ :** **892 K€**

**Non past due Accounts Payable as of December 31, 2011**

**Payment Date**

< 30 days:	<b>82 K€</b>
Between 31 & 60 days:	<b>762 K€</b>
Between 61 days & 90 days:	
> 91 days:	

**Past Due Accounts Payable as of December 31, 2011**

**Date past due**

< 30 days:	<b>4 K€</b>
Between 31 & 60 days:	<b>1 K€</b>
Between 61 days & 90 days:	
> 91 days:	<b>43 K€</b>

**VII. TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL YEARS**

Pursuant to Article R 225-102 al 2 of the French Commercial Code, you will find attached the table summarizing the company's earnings in each of the last five financial years.

(Cf. Appendix 1)

**VIII. PROGRESS MADE – DIFFICULTIES ENCOUNTERED**

As expected, earnings for 2011, together with the level of cash at the end of 2010, enabled the Company to finance its activity and its development for the year ended December 31, 2011. We believe the Company's position in 2011, despite global economic uncertainties and upheaval in the pharmaceutical industry, has been achieved as a result of the value we offer to our partners, our careful management of costs and our capacity to adapt to the changing environment.

The Company progressed in 2011 with the following events:

- publication of preliminary top-line safety results of the IFN-alpha 12 week study at the American Association for the Study of Liver Diseases (AASLD) annual conference in San Francisco in November, 2011.
- submission of a Type IV drug master file on Medusa hydrogel to the FDA
- small molecule tigecycline partnership signed with Eagle Pharmaceuticals
- signature of joint development agreements with two biotechnology companies, Theralpha SAS and Digna Biotech SL.
- conclusion of a multi-year agreement with GSK for the production of Coreg CR microparticles,
- signature of a license agreement using our Trigger Lock technology applied to two marketed drugs
- maintenance of a conservative financial approach.

Flamel's business is subject to substantial risks and uncertainties including the uncertainties associated with the research and development of new products or technologies, the length and uncertainty linked to the results of clinical trials and regulatory procedures, uncertainties relating to collaborative arrangements with large companies, difficulties in the scale-up and manufacturing of its products, the uncertainty relating to the market acceptance of new products based on its technologies and uncertainties arising from the Éclat Pharmaceuticals, LLC acquisition, the development

## Translated from French

and commercialization of its portfolio of products, and the change in management to a new Chief Executive Officer. Whether and when the Company can achieve or sustain profitability and limit future losses is highly uncertain. Operating losses may fluctuate from quarter to quarter as a result of, among other things, differences in timing of revenues recognized or expenses incurred. The risks facing the Company are described more fully under "Risk Factors" in the Company's Annual Report on Form 20-F for the year ended December 31, 2011 that has been filed with the U.S. Securities and Exchange Commission (SEC) and is publicly available.

Lack of execution of new license agreements as well as continuation of the economic crisis which led to a reduction by large pharmaceutical companies of their investment in research and development made 2011 a difficult year, but we believe we have maintained a solid financial position and reinforced our scientific foundations.

### **IX. GOALS AND PROSPECTS FOR THE COMPANY FOR 2012**

The Company intends to pursue the strategy adopted over the last few years to maintain the pipeline of feasibility agreements and is committed to converting successful feasibility projects in to larger scale license and development agreements, while integrating the business activity and opportunities presented by the acquisition of Eclat Pharmaceuticals, LLC. The Company is keen to drive opportunities both in traditional markets and in emerging countries where there are clear competitive price advantages, and on novel molecules, molecules in development and marketed drugs.

We will continue to focus on tightly controlling expenses and investments in non-critical areas. However, as projects advance beyond the feasibility stage our research and development costs are expected to increase. We intend to finance such increases through our partners or government grants that may be available to us to fund our own internal research. We expect to use internal funds to support the development, regulatory approval and commercial launch, should the products be approved, of products currently under development by Eclat Pharmaceuticals, LLC.

While this may increase our cash utilization in 2012, we expect to submit our first product approval request to the FDA in 2012 and if approved we anticipate generating a revenue stream on this product as early as 2013.

The addition of Éclat Pharmaceuticals, acquired in March 2012, brings with it one licensed and marketed product, Hycet® and its generic equivalent, and a product portfolio in various stages of development, creating a vertically integrated business model. Through this acquisition, we believe we have enhanced our development and commercial experience, providing us with increased knowledge and understanding of the markets in which we operate and product candidates which we believe will help us identify and leverage new opportunities for application of our drug delivery platforms. Éclat, which has focused on pursuing FDA approvals through the FDA's 505(b)(2) mechanism, adds knowledge of the commercial and regulatory process in the U.S., which we believe will enhance the ability of the company to identify potential product candidates for development, marketing and licensing in the United States. In light of the recent acquisition, we are currently evaluating the potential synergies and complementary opportunities created by the combined business, and we may adapt our business model in the future. (see XIX 'Important events occurring between the end of the Financial year and the date of the present report' for more information about the Éclat acquisition)

## Translated from French

### X. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

The global drug delivery market was estimated by BCC Research to reach \$138 billion by the end of 2011. Our polymer delivery systems focus on the controlled release of therapeutic proteins and peptides following injection (ie Medusa ®) and the oral administration of pharmaceutical drugs (ie Micropump®), primarily those that are best absorbed in the small intestine.

#### Micropump®:

We have licensed the Micropump technology for the development of a controlled release formulation of a central nervous system medication, currently marketed in the United States.

We have licensed our Micropump formulation of controlled release aspirin to New Haven Pharmaceuticals.

Trigger Lock™, a special application of our Micropump technology, is designed to provide a technical solution to prevent intentional and unintentional abuse and misuse of narcotics and other dangerous, but pharmaceutically important, drugs. We now are working on three separate molecules to be formulated using our Trigger Lock technology, with a specialty pharmaceutical company and are conducting a Trigger Lock feasibility study with a top-ten pharmaceutical company.

LiquiTime® is another adaptation of the Micropump platform that we have developed to create long acting, liquid formulations of a wide range of molecules. We are exploring the use of such stable liquid formulations particularly for pediatric and geriatric markets.

#### Medusa®:

We believe that the Medusa platform is applicable to a range of large and small molecules for subcutaneous delivery, because formulations using Medusa enjoy full bioactivity, extended and controlled release, as well as other advantages such as greater solubility, stability, and resistance to aggregation.

We currently have nine Medusa projects under development with partners. These relationships range from work on marketed therapeutic proteins to novel proteins and peptides, and other novel large molecules. Flamel expects some of these projects to evolve into license agreements as a function of many factors. These include the promise of the molecule itself (particularly with respect to novel molecules there is a high rate of attrition); the success of formulation work that we conduct for our partners; the evolving strategy and marketing focus of our partners; and the pharmaco-economics associated with the eventual product and the indication(s) for which it is being developed.

We have signed a License and Development agreement for the development of Tigecycline with Eagle Pharmaceuticals and two joint development agreements with two biotechnology companies, Theralpha SAS and Digna Biotech SL. The development of subcutaneously administered formulations of small molecule drugs that are otherwise given intravenously represents a real opportunity. Due to the heightened solubility that the Medusa platform enables for otherwise poorly-soluble drugs, we are able to create formulations that may be administered subcutaneously, which creates pharmaco-economic and convenience benefits for caregivers and patients.

#### Patents

In addition to seeking patent protection in the United States and France, to further protect the inventions that we consider important to the development of our business, we will generally file international patent applications pursuant to the Patent Cooperation Treaty (PCT) in Europe, Japan, Canada, and key foreign markets on a selective basis; therefore, in addition to the above-named countries, we also have patents granted or patent applications pending in a number of other countries, including Mexico, Brazil, China, India and South Korea.

In selected cases, an invention developed jointly by Flamel Technologies and a partner may be assigned to the partner. The information provided herein does not include such patent applications.

## Translated from French

As of December 31, 2011, we owned approximately 19 U.S. and 308 foreign patents and 50 U.S. and 247 foreign patent applications. During 2011, we were granted fifty-five (55) new patents and filed for four new patent applications with the French Patent Office and for corresponding U.S. provisional patent applications.

### XI. EMPLOYEES

As of 31 December 2011, there were 264 employees.

### XII. CAPITAL

As of December 31, 2011, the Company's capital stood at 3,044,396 €, consisting of 24,962,250 shares, as a result of three capital increases (Cf appendix 2).

- The first as a result of the definitive grant as of December 07, 2011 of 277,400 shares following the grant of free shares to employees in December 11, 2009 for 33,221.90 €
- The second, acknowledged by the Board of Directors on March 7, 2012 for 5,390.63 €, resulting from the issue of 44,200 shares subsequent to exercise of 44,200 stock options.

A total of 96.37 % of share capital is listed on Nasdaq in the form of ADS (through the Bank of New York).

### XIII. MANAGEMENT OF THE COMPANY AND ITS BOARD

The duration of the term as a company director of Messrs Elie Vannier, Lodewijk J. R. de Vink, John L. Vogelstein, Francis J.T. Fildes, Craig Stapleton, Guillaume Cerutti, Catherine Bréchnignac and Stephen H. Willard expires at the end of the Ordinary shareholders meeting to which you are invited.

Consequently, we propose to you to renew the terms for all Directors, with the exception of Mr. Lodewijk J.R. De Vink and Mr. John L. Vogelstein who we would like to thank for their investment as Directors of the Company over the past few years. In particular we would like to thank them for their expertise and profound knowledge that they have brought to us given their respective experiences in the pharmaceutical industry and financial industry and the commitment by Mr De Vink, as Chairman of the Compensation Committee, and by Mr. Vogelstein, as Chairman of the Nominating Committee and Corporate Governance Committee.

The directors' office will be renewed for a duration of one (1) year, namely until the Ordinary shareholders meeting to be held to approve the financial statements for the financial year ending on December 31, 2012. (*Third to eighth resolution*)

We are also delighted to propose that you appoint one new director, Mr. Michael S. Anderson who is Chief Executive Officer of Eclat Pharmaceuticals, LLC and since March 13, 2012, CEO of Flamel Technologies.

We propose that you appoint Mr Michael S Anderson as a Director for (1) year until the next Ordinary Shareholders Meeting to be held to approve the financial statements for the financial year ending on December 31, 2012. (*Ninth resolution*).



## Translated from French

Mr. Anderson's past experience is available at the Company's head office and on the Company's Website.

### **XIV. DETERMINATION OF THE DIRECTORS' ATTENDANCE FEES**

In view of the Directors' participation and the level of their responsibilities, we propose to you that the amount of two hundred twenty five thousand euros (€ 225.000) be assigned to the Board of Directors as annual attendance fees, representing a significant reduction compared with the previous fiscal year and for which the distribution and breakdown thereof will be decided by the Board of Directors. (*Tenth resolution*)

### **XV. MANDATES AND FUNCTIONS EXERCISED IN ANY COMPANY, DURING THE PAST FINANCIAL YEAR, BY EACH OF THE COMPANY'S AUTHORIZED AGENTS**

The Company's Board of Directors currently consists of eight members, seven of whom are outside directors and whom we believe bring broad experience to Flamel:

- Elie Vannier, Chairman of the Board of Directors of the Company, former Group Managing Director of WALLY, former Chief Operating Officer of GrandVision SA Director of Ingénico, Famar, Conbipel and Pharmacie Principale;
- Catherine Bréchnignac, Permanent Secretary for the French National Academy of Sciences, former Chairperson of the French National Centre for Scientific Research (CNRS), member of the American Academy of Arts and Sciences and French Ambassador for Sciences and Technology;
- Guillaume Cerutti, Chairman and Chief Executive Officer of Sotheby's France, former CEO of the French Directorate General for Competition, Consumer Affairs and Repression of Fraud, (Ministry of Finance and Economy), Chairman of the Board of the '*Institut de Financement du Cinéma et des Industries Culturelles*' and Director of Ingénico
- Francis JT Fildes, former Senior Vice President: Head of Global Development for AstraZeneca, PLC, former Director of ProStrakan Pharmaceuticals PLC and Director of Fildes Partners Ltd, and a Fellow of the Royal Society of Medicine and the Royal Society of Chemistry;
- The Honorable Craig Stapleton, former United States Ambassador to France and Lead Director of Abercrombie and Fitch;
- Lodewijk J.R. de Vink, former President of Schering Plough International, former Chairman and Chief Executive Officer of Warner Lambert, Inc., Director of Roche, and Member of the European Advisory Council of Rothschild; and;
- John L. Vogelstein, who is former President of Warburg Pincus and a Senior Advisor of Warburg Pincus and Chairman of New Providence Asset Management; Chairman of the New York City Ballet, Chairman Emeritus of Prep for Prep, Vice Chairman of the Board of Overseers of The Leonard N. Stern School of Business at New York University, Chairman of Third Way, Director Emeritus of the Jewish Museum and Chairman of Christie's Advisory Board.
- Stephen H Willard, who is former CEO of Flamel Technologies SA and director of ETRADE Financial Corporation.

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**XVI. CONVENTIONS MENTIONED IN ARTICLES L 225-38 ET SEQ. OF THE CODE OF COMMERCE**

Please note that the auditor has drawn up a special report, submitted to you, indicating that certain conventions mentioned in Articles L.225-38 et seq. of the Code of Commerce were concluded or renewed during the last financial year.

We ask you to approve and/or ratify, as the case may be, any convention mentioned in Articles L.225-38 et seq. of the Code of Commerce that have been concluded or renewed during the financial year, and which might appear in the auditor's report. (*Eleventh resolution*)

**XVII. ACQUISITION OF SIGNIFICANT HOLDINGS IN COMPANIES HAVING THEIR REGISTERED OFFICES IN FRANCE AND ACQUISITIONS OF CONTROL**

Our company owns 100% of Flamel Technologies Inc. and 100% of Flamel US Holdings, Inc. Flamel US Holdings was created in March 2012 in connection with the Eclat acquisition and owns 100% of the membership interests of Eclat Pharmaceuticals, LLC. Flamel's affiliates are based in USA.

**XVIII. EMPLOYEE SHAREHOLDING, DIRECTLY OR BY WAY OF A COMPANY INVESTMENT FUND OR SAVINGS PLAN**

As of December 31, 2011, employees directly held 880,502 shares in the company, representing 3.53 % of the capital.

We remind you that the Board of Directors decided:

On December 07, 2011:

- To acknowledge issuance of 277,400 shares to 110 beneficiaries as a result of the definitive grant subsequent to the grant made by the Board on December 11, 2009 on the basis of a delegation of power that you granted on May 15, 2007, June 3, 2008 and June 24, 2009. The share capital was effectively increased by 272,400 shares, since the acquisition period of 10 000 of the 277,400 shares is four years because the free shares were granted to non French tax resident employee and 5,000 free shares from the 2007 Plan were definitely granted.
- To grant 200,000 free shares to the company's employees, on the basis of a delegation of power that you granted on June 24, 2009, June 25, 2010 and June 24, 2011. The conditions for allocating the said free shares provide:
  - Regarding French resident beneficiaries: The acquisition period, meaning the period at the end of which the shares shall be definitively allocated to the beneficiary, is two years starting from the allocation date, subject to the respect of an attendance condition at the end of this two years period. At the time of their definitive allocation the shares must be held for a further two years period at the end of which they may be transferred without limitation except with respect to transaction windows.
  - Regarding non French resident beneficiaries: The acquisition period, meaning the period at the end of which the shares shall be definitively allocated to the beneficiary, is four years starting from the allocation date, subject to the beneficiary still being an employee at the end of a two years period after allocation date. At the time of their definitive allocation, the shares may be transferred without limitation except the respect of transaction windows.

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### **XIX. IMPORTANT EVENTS OCCURRING BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE PRESENT REPORT**

After the conclusion of the year ended December 31, 2011, we acquired, through our wholly owned subsidiary Flamel US Holdings, Inc., or Flamel US, all of the membership interests of Éclat Pharmaceuticals, LLC from Éclat Holdings, LLC, or Éclat Holdings, an affiliate of our largest shareholder Deerfield Capital L.P. Accordingly, this report does not fully explain the effects or impacts of the acquisition of Eclat Pharmaceuticals, LLC, and the financial results for 2011 do not include any of the operations of Eclat Pharmaceuticals, LLC.

Éclat Pharmaceuticals, LLC is a St. Louis-based specialty pharmaceutical company focused on the development, approval, and commercialization of niche brands and generic products. Éclat Pharmaceuticals, LLC has one FDA-approved product on the market in the U.S., Hycet® (hydrocodone acetaminophen oral solution), as well as a suite of products in various stages of development.

We believe that the addition of Éclat Pharmaceuticals opens up new opportunities for the Company, particularly in the U.S. market. Through the acquisition, we have enhanced our commercial and regulatory experience that we believe will assist us pursuing new commercial opportunities and identifying potential product candidates for development, marketing and licensing in the United States. Among other things, Éclat's infrastructure and personnel includes expertise in marketing and distribution of both branded and generic pharmaceutical products.

The acquisition of Éclat Pharmaceuticals, LLC was made pursuant to a Membership Interest Purchase Agreement dated March 13, 2012 among Flamel, Flamel US, Éclat Holdings and Éclat Pharmaceuticals, LLC. In exchange for all of the issued and outstanding membership interests of Éclat Pharmaceuticals, LLC, Flamel US provided consideration primarily consisting of:

- a \$12 million senior, secured six-year note to Eclat Holdings, LLC that is guaranteed by the Company and its subsidiaries and secured by the equity interests and assets of Éclat Pharmaceuticals, LLC;
- two warrants to Eclat Holdings, LLC to purchase a total of 3,300,000 American Depositary Shares of Flamel; and
- a commitment to to make earnout payments of 20% of any gross profit generated by certain Éclat launch products and 100% of any gross profit generated by Hycet® up to a maximum of \$1,000,000.

In March 2012, we also announced a transition to a new Chief Executive Officer. Stephen H. Willard, our Chief Executive Officer since June 2005, resigned as Chief Executive Officer effective March 13, 2012 and has remained on our Board of Directors. He also will remain as an employee of one of our US subsidiaries through December 31, 2012. Michael S. Anderson, the Chief Executive Officer of Éclat Pharmaceuticals, LLC, was appointed as Chief Executive Officer of Flamel on March 13, 2012. Mr. Anderson also retains a 20% minority interest in Éclat Holdings and does not have the ability to control this entity by virtue of his minority interest.

Moreover, we remind you that the Board of Directors acknowledged a share capital increase of 5,390.63 Euros on March 7, 2012 as a result of the exercise of 44,200 stock options, thus bringing share capital to 3,044,396 Euros (see XII).

The Board invites you after reading the reports by the auditor, to discuss these matters and vote on the resolutions submitted to you.

**On behalf of the Board of Directors ;**

**Translated from French**

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including certain plans, expectations, goals and projections regarding financial results, product developments, technology platforms and business prospects and goals. All statements that are not clearly historical in nature are forward-looking, and the words “anticipate,” “assume,” “believe,” “expect,” “estimate,” “plan,” “will,” and similar expressions are generally intended to identify forward-looking statements. All forward-looking statements involve risks, uncertainties and contingencies, many of which are beyond our control that could cause actual results to differ materially from those contemplated in such forward-looking statements. These risks include risks that the acquisition of Éclat Pharmaceuticals will not be successful, the expected timing of the filing of our first New Drug Application (NDA) with the FDA may be delayed, expenses and investments in non-critical areas may not be tightly controlled, research and development costs may not be able to be financed through partners or government grants, internal funds may be insufficient to support the development and commercial launch of the Eclat launch products, clinical trial results will not be positive or that our partners may decide not to move forward, management transition to a new chief executive officer may be disruptive or not succeed as planned, products in the development stage may not achieve scientific objectives or milestones or meet stringent regulatory requirements, products in development may not achieve market acceptance, competitive products and pricing may hinder our commercial opportunities we may not be successful in identifying and pursuing opportunities to develop our own product portfolio using Flamel’s technology, and the risks associated with our reliance on outside parties and key strategic alliances. These and other risks are described more fully in Flamel’s Annual Report on Form 20-F for the year ended December 31, 2011 that has been filed with the Securities and Exchange Commission (SEC). All forward-looking statements included in this release are based on information available at the time of the release. We undertake no obligation to update or alter our forward-looking statements as a result of new information, future events or otherwise.

Translated from French

APPENDIX 1

**TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL YEARS**

**Fiscal year ending December 31, 2011**

**FLAMEL TECHNOLOGIES - December 31, 2011**

**FINANCIAL RESULTS OF LAST FIVE YEARS**

In euros

12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
------------	------------	------------	------------	------------

a) Share Capital	2,933,194.62	2,951,947.15	2,968,823.50	3,005,783.48	3,044,396.01
b) Number of Ordinary Shares	24,051,590	24,205,350	24,342,600	24,645,650	24,962,250
c) Number of Preference Shares					
d) Maximum number of shares to be issued by : - Bond Issue - Exercise of Stock Options and Warrants and issue of Free Shares	3,947,800	3,725,357	4,341,840	4,370,990	4,481,640

**SHARE CAPITAL**

a) Revenues	31,260,019.88	23,781,681.19	36,521,247.22	25,324,364.68	22,503,580.78
b) Income before taxes, depreciation and provisions	(13,370,141.82)	(7,378,250.04)	1,218,053.54	(9,477,166.03)	(7,856,268.36)
c) Income Tax (Tax Credit)	(1,699,714.96)	(4,663,240.07)	(4,742,258.00)	(5,720,673.00)	(4,931,445.00)
d) Employee's Profit-Sharing					
e) Income after taxes, profit sharing, depreciation and provisions	(17,494,103.08)	(5,226,231.48)	1,270,699.14	(7,158,443.00)	(6,647,651.00)
f) Profit Distribution					

**ANNUAL OPERATIONS AND EARNINGS**

a) Income after tax and profit sharing and before depreciation and provisions	(0.49)	(0.11)	0.24	(0.15)	(0.12)
b) Income after tax, profit-sharing, depreciation and provisions	(0.73)	(0.22)	0.05	(0.29)	(0.27)
c) Dividend per share					

**EARNINGS PER SHARE**

a) Average number of employees	331	285	299	301	278
b) Payroll Costs	13,100,279.60	11,678,122.25	12,155,475.20	12,888,143.45	11,817,905.34
c) Social tax costs	5,892,622.28	5,278,445.72	5,634,990.17	5,991,371.53	5,398,852.98
<b>PERSONNEL COSTS</b>					

Translated from French

**APPENDIX 2**

**REPORT CONCERNING DELEGATIONS MADE TO THE BOARD**

**AUTHORIZATION GRANTED BY AN  
EXTRAORDINARY SHAREHOLDERS MEETING  
TO THE BOARD**

**IMPLEMENTATION BY THE BOARD**

<b>Date</b>	<b>Nature</b>	<b>Date</b>	<b>Nature</b>	<b>Share capital increase</b>	<b>Approval by Board of Directors</b>
May 10, 96	1 000 000 stocks options Capital increase of € 121 960				
Nov 20, 00	1 000 000 stocks options Capital increase of € 121 960	Sep 22, 11	30 000 exercised options	€ 3 658,80	Mar 7, 12
Dec 19, 01	750 000 warrants Capital increase of € 91 470	Dec 19, 11	14 200 exercised options	€ 1 731,83	Mar 7, 12
Feb 18, 03	1 000 000 stocks options Capital increase of € 121 960				
Nov 7, 03	1 000 000 warrants Capital increase of € 121 960				
Mar 4, 05	1 500 000 stocks options Capital increase of € 182 940 40 000 warrants Capital increase of € 4 878				
Oct 24, 05	250 000 warrants Capital increase of € 30 490 200 000 free shares Capital increase of € 24 392	Dec 7, 11	Effective allocation of 5 000 free shares attributed on Dec 11, 2007	€ 609,80	Dec 7, 11
Jun 12, 06	150 000 warrants Capital increase of € 18 294				
May 15, 07	500 000 stocks options Capital increase of € 60 980 50 000 warrants Capital increase of € 18 294 200 000 free shares Capital increase of € 24 392	Dec 7, 11	Effective allocation of 3 100 free shares attributed on Dec 11, 2009	€ 378,08	Dec 7, 11
Jun 3, 08	250 000 warrants Capital increase of € 30 490 200 000 free shares Capital increase of € 24 392	Dec 7, 11	Effective allocation of 101 550 free shares attributed on Dec 11, 2009	€ 12 385,04	Dec 7, 11
Jun 24, 09	250 000 warrants Capital increase of € 30 490 200 000 free shares Capital increase of € 24 392	Dec 7, 11	Effective allocation of 162 750 free shares attributed on Dec 11, 2009	€ 19 848,99	Dec 7, 11
Jun 25, 10	750 000 stocks options Capital increase of € 91 470 250 000 warrants Capital increase of € 30 490 200 000 free shares Capital increase of € 24 392				
Jun 24, 11	350 000 warrants Capital increase of € 42 686 200 000 free shares Capital increase of € 24 392				

*Translated from French*

**FLAMEL TECHNOLOGIES**

*Société Anonyme* with a stated capital of 3,044,396 euros

Registered Office:

Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX – France

379 001 530 R.C.S. LYON

**REPORT BY THE BOARD OF DIRECTORS TO THE COMBINED  
SHAREHOLDERS MEETING HELD ON JUNE 22, 2012**

Ladies and Gentlemen:

We have called you to meet in the form of a shareholders meeting in order to submit the following items to you for your approval as extraordinary matters:

1. a proposal for installation of a new stock option plan bearing one million (1,000,000) shares,
2. a proposal for installation of a new plan for a free allocation of shares in the amount of two hundred thousand (200,000) shares,
3. A proposal for modification of terms and conditions for exercise of warrants issued in 2009,
4. A proposal for modification of terms and conditions for exercise of warrants issued in 2010,
5. A proposal for modification of terms and conditions for exercise of warrants issued in 2011,
6. a proposal to issue a total of three million three hundred (3,300,000) securities offering access to the capital, taking the form of autonomous stock warrants (BSA) reserved for Eclat Holdings, LLC and
7. a proposal for a capital increase reserved for the employees.

Before informing you of the details about these proposals, we would like to remind you that you will find all information relative to the important events of the year 2011 for Flamel and to the figures for the financial year ending on December 31, 2011 in your Board's management report and in the Company's publicly available filings with the U.S. Securities and Exchange Commission including its Annual Report on Form 20-F for the year ended December 31, 2011.



*Translated from French*

**1 .. A proposal for installation of a new stock option plan bearing on one million (1,000,000) shares (Twelfth resolution)**

To enable the Company to attract and/or keep talented senior managers and employees, and insofar as the number of stock options that your Board was authorized to allocate in connection with the previous plans is almost exhausted, we propose to you to delegate an option to the Board of Directors, for a duration of thirty-eight months, to grant, all at once or in instalments, pursuant to Articles L. 225-177 et seq. of the French Commercial Code, to the benefit of the Company's employees or some such employees, as well as to the benefit of the senior authorized agents, as mentioned in Article L. 225-185 paragraph 4 of the Code of Commerce, a maximum of one million (1,000,000) options granting a right to subscription to the Company's shares to be issued as a capital increase of the Company.

Each option could create a right to subscription to one Company share, the subscription price of which, for the beneficiaries of the options, could be determined by the Board of Directors on the day on which it grants the options.

We remind you in this connection that the Company's securities, even though listed in the form of ADS (American Depositary Shares) on the NASDAQ Global Market, are all the same, in the light of French law, considered as listed for trading on a regulated market. Hence the subscription price for each share must be determined in accordance with the objective methods adopted in connection with valuation of the shares, as provided for in Article L. 225-177, paragraph 4 of the Code of Commerce, on the basis of appropriate weighting of the network, of the profitability and of the activity prospects of the business.

It appears in this connection that the most objective valuation method and that most appropriate to the Company's case is its trading price on the NASDAQ. The fact is that the price of the share, if calculated as a function of its mathematical value and/or of the net worth, the profitability and the prospects of the Company's activity, even if weighted, could result, in the light of the history of the share price, in the form of ADS, on the NASDAQ, in a valuation substantially below the actual economic value of the share, the trading price of which on the NASDAQ remains the most objective valuation method.

Hence we propose to you that the price of the share to which each option would create a right will be valued by the Board of Directors in accordance with the closing price of the share, in the form of ADS on the NASDAQ, on the day prior to the date of the meeting of the Board of Directors, provided that said price is no less than 80% of the average trading price of the share on the NASDAQ, in the form of ADS, during the last twenty trading sessions prior to the said meeting. In such a case, the price of the share should be equal to or greater than 80% of the average trading price of the share on the NASDAQ, in the form of ADS, during the last twenty sessions preceding the said meeting. The said minimum price is the one applicable to companies whose securities are listed for trading on a regulated market.

As provided for by law, the price of the shares, determined in this way by the Board of Directors, could not then be modified for the entire duration of the option, unless, pursuant to Article L. 225-181, paragraph 2, of the Code of Commerce, when the Company carries out a redemption or reduction of the capital, a modification of the distribution of profits, a free allocation of shares, an incorporation into the capital of reserves, profits or premiums on shares, a distribution of reserves or any issue of capital securities or of other securities creating a right to allocation of capital securities including an application right reserved for the shareholders, it will have to take the steps required for protection of the interests of the beneficiaries of the options under the conditions laid down in Article L. 228-99 of the Code of Commerce.

*Translated from French*

The options should be exercised within a maximum period of 10 years starting from the date of their award to the beneficiaries by the Board of Directors.

Hence we propose to you that you should authorize the Board of Directors and entrust it with full powers for the following purposes:

- determine the conditions and procedures for allocation of the options, freely determine the beneficiaries of the said options subject to the legal and regulatory provisions and, in that connection, lay down, if it considers this appropriate, an obligation for each beneficiary to be a paid employee of the Company and/or the companies mentioned in Article L. 225-180 – I of the Code of Commerce, and/or being a senior manager of the Company in the meaning of Article L. 225-185, paragraph 4, of the Code of Commerce, at the time of exercise of the options,
- determine, if it considers this appropriate, a period of non-transferability of the shares acquired, under the conditions laid down in law and in the rules and regulations in effect,
- determine the subscription price of the shares to which the options as granted in this way create a right, under the conditions and pursuant to the procedures laid by the Extraordinary shareholders meeting, and,
- determine the period or periods for exercise of the options granted in this way, subject to the prohibitions and/or limitations provided for by law and in the rules and regulations in effect and by the Articles of incorporation in this connection, at the times it considers appropriate.

As a result of the foregoing authorization, we also propose to you that you should authorize the Board of Directors and grant it full powers for the purposes of issuing a maximum of 1,000,000 shares with a par value of about 0.12196 euros, and hence to increase the capital by a maximum nominal amount of 121,960 euros.

Pursuant to Article L. 225-178, paragraph 1, of the Code of Commerce, the authorization that would be granted in this way to the Board of Directors would include, to the benefit of the beneficiaries of the options, an explicit waiver by the shareholders of their preferential right to subscribe to the shares to be issued as the options are exercised.

Finally, we propose that you should authorize the Board and fully empower to do the following:

- (i) Receive the applications and the corresponding payments,
- (ii) Deposit the funds in a bank account pursuant to law,
- (iii) Record the number of shares issued as a result of the exercises of the options granted, pursuant to the provisions of Article L. 225-178, paragraph 3, of the Code of Commerce, and to modify the Articles of incorporation as a result, and more generally
- (iv) To take any appropriate steps to put through the capital increase and to carry out all formalities required by law.

*Translated from French*

**2 .. A proposal for installation of a new plan for a free allocation of shares to the benefit of the members of the salaried staff and/or of certain authorized agents (Article L.225-197-1 of the Code of Commerce) (thirteenth resolution)**

We propose that you delegate the option to the Board of Directors, for a duration of 38 months, to proceed, within the framework of Article L.225-197-1 of the Code of Commerce, with a free allocation of new shares resulting from a capital increase by incorporation of reserves, premiums on shares or profits.

The beneficiaries of the said allocations could be:

- The members of the salaried staff or certain categories among them, both of the Company and of the companies connected with it directly or indirectly, under the conditions Article L 225-197-2 of the Code of Commerce;
- The authorized agents meeting the conditions set forth in Article L 225-197-1 of the Code of Commerce.

We propose that you authorize the Board of Directors to allocate, without charge, a maximum of two hundred thousand (200,000) shares.

The allocation of the shares to the French resident beneficiaries will be definitive only at the end of an acquisition period having a minimum duration of two (2) years starting with the Board's decision to allocate the shares. However, the shares will be definitively allocated before the end of the said period in case of disability of the beneficiary corresponding to classification in the second or the third of the categories provided for in Article L341-4 of the Social Security Code.

Furthermore, the French resident beneficiaries shall have to keep the shares allocated for a minimum duration of two years starting with the time of their definitive allocation. As an exception, the shares allocated shall be freely transferable in case of a request for award filed by the heirs of a deceased beneficiary or in case of disability of the beneficiary corresponding to their classification in the above-mentioned categories of the Social Security Code.

As a departure from the foregoing, the beneficiaries who are not French residents on the date of allocation for whom the generating fact of taxation coincides with the end of the period of acquisition shall definitively receive the shares at the end of a minimum acquisition period of four years, except in case of disability, as mentioned above. Those same beneficiaries shall not then be required to observe any period for keeping the shares.

The Board of Directors shall have the option of increasing the duration of the said minimum acquisition and preservation periods.

Within the limits set above, the Board shall hold full powers to determine the conditions and, if the case arises, the criteria for allocation of the shares, determine the identity of the beneficiaries of the free allocations from among the persons complying with the conditions set above, as well as the number of shares due to each of them, determine the effects on the beneficiaries' rights of the operations modifying the capital or which might influence the value of the shares to be allocated and carried out during the periods of acquisition and of preservation, if the case arises, record the existence of sufficient reserves and carry out, at the time of each allocation, the transfer to an account of frozen reserves of the amounts required for paying up the new shares to be awarded, decide on the capital increase or increases by incorporation of reserves, premiums on shares or profits, related to the issue of the new shares allocated without charge, carry out the required acquisitions of shares by means of sale offers made to all shareholders in proportion to the number of ordinary shares held by each of them, take all useful steps to guarantee respect for the preservation obligation incumbent on the beneficiaries, and generally do, within the framework of the rules and regulations in effect, everything made necessary by implementation of the present authorization.

*Translated from French*

The present authorization shall entail, by right, a waiver by the shareholders of their preferential application right to the new shares issued by incorporation of reserves, premiums on shares and profits.

**3 .. A proposal for modification of terms and conditions for exercise of warrants issued in 2009 (fourteenth resolution)**

Under its twelfth resolution, the General Shareholder Meeting of June 24, 2009 granted to the Board of Directors authorization to issue a maximum number of two hundred and fifty thousand (250,000) stock warrants (BSA) (hereinafter BSA<sup>2009</sup>).

Such General Shareholder Meeting decided that each warrant (BSA) shall be exercised by its holder, provided notably that the holder is still a member of the Board of Directors of the Company on the day of such exercise.

Following the decision on June 24, 2009, the Board of Directors issued such BSA<sup>2009</sup>.

We propose to modify the conditions for the exercise of the BSA<sup>2009</sup> and to remove, under certain conditions, the requirement to be a Director of the Company on the day of exercise of BSA<sup>2009</sup>.

Given the results of the Company over recent years and an insufficiently attractive share price, current holders of the BSA<sup>2009</sup> who are already no longer a Director of the Company, or whose office as Director will not be renewed, and as such would normally exercise the warrant at the same time, would not generate any financial benefit from the exercise of their BSA<sup>2009</sup>.

Nevertheless, given the work accomplished by the Directors of the Company over several years and their involvement, we believe that we should not penalize the directors who have lost or who would lose their office without being able to exercise their BSA<sup>2009</sup>, but, on the contrary, be rewarded for their overall investment in the Company by providing more flexible conditions for exercise of the warrants.

Hence, we propose that you decide to grant to the holders of such BSA<sup>2009</sup> the right to retain the possibility to exercise their BSA<sup>2009</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2009</sup>.

The fifth paragraph of the twelfth resolution of the General Shareholders' Meeting of June 24, 2009 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2009</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2009</sup>.

**4 .. A proposal for modification of terms and conditions for exercise of warrants issued in 2010 (Fifteenth resolution)**

Under its twelfth resolution, the General Shareholder Meeting of June 25, 2010 granted to the Board of Directors authorization to issue a maximum number of two hundred and fifty thousand (250,000) stock warrants (BSA) (hereinafter BSA<sup>2010</sup>).

Such General Shareholder Meeting decided that each warrant (BSA) shall be exercised by its holder, provided notably that the holder is still a member of the Board of Directors of the Company on the day of such exercise.

Following the decision on June 25, 2010, the Board of Directors issued such BSA<sup>2010</sup>.

We propose to modify the conditions for the exercise of the BSA<sup>2010</sup> and to remove, under certain conditions, the requirement to be a Director of the Company on the day of exercise of BSA<sup>2010</sup>.

Given the results of the Company over recent years and an insufficiently attractive share price, current holders of the BSA<sup>2010</sup> who are already no longer a Director of the Company, or whose of office as Director will not be renewed, and as such would normally exercise the warrant at the same time, would not generate any financial benefit from the exercise of their BSA<sup>2010</sup>.

Nevertheless, given the work accomplished by the Directors of the Company over several years and their involvement, we believe that we should not penalize the directors who have lost or who would lose their office without being able to exercise their BSA<sup>2010</sup>, but, on the contrary, be rewarded for their overall investment in the Company by providing more flexible conditions for exercise of the warrants.

Hence, we propose that you decide to grant to the holders of such BSA<sup>2010</sup> the right to retain the possibility to exercise their BSA<sup>2010</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2010</sup>.

The fifth paragraph of the twelfth resolution of the General Shareholders' Meeting of June 25, 2010 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2010</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2010</sup>.

**5 .. A proposal for modification of terms and conditions for exercise of warrants issued in 2011 (Sixteenth resolution)**

Under its twelfth resolution, the General Shareholder Meeting of June 24, 2011 granted to the Board of Directors authorization to issue a maximum number of three hundred and fifty thousand (350,000) stock warrants (BSA) (hereinafter BSA<sup>2011</sup>).

Such General Shareholder Meeting decided that each warrant (BSA) shall be exercised by its holder, provided notably that the holder is still a member of the Board of Directors of the Company on the day of such exercise.

Following the decision on June 24, 2011, the Board of Directors issued such BSA<sup>2011</sup>.

We propose to modify the conditions for the exercise of the BSA<sup>2011</sup> and to remove, under certain conditions, the requirement to be a Director of the Company on the day of exercise of BSA<sup>2011</sup>.

Given the results of the Company over recent years and an insufficiently attractive share price, current holders of the BSA<sup>2011</sup> who are already no longer a Director of the Company, or whose of office as Director will not be renewed, and as such would normally exercise the warrant at the same time, would not generate any financial benefit from the exercise of their BSA<sup>2011</sup>.

Nevertheless, given the work accomplished by the Directors of the Company over several years and their involvement, we believe that we should not penalize the directors who have lost or who would lose their office without being able to exercise their BSA<sup>2011</sup>, but, on the contrary, be rewarded for their overall investment in the Company by providing more flexible conditions for exercise of the warrants.

Hence, we propose that you decide to grant to the holders of such BSA<sup>2010</sup> the right to retain the possibility to exercise their BSA<sup>2011</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2011</sup>.

The fifth paragraph of the twelfth resolution of the General Shareholders' Meeting of June 24, 2011 is replaced by the following paragraph:

"5. Decides that each warrant (BSA) shall be exercised by its holder in accordance with the conditions set forth by the Board's decision to issue the warrants (BSA), provided that such exercise shall occur within four (4) years from the issuance date and that the holder is still a member of the Board of Directors of the Company on the day of such exercise; being specified that the BSA holders will have the right to retain the possibility to exercise their BSA<sup>2011</sup> even if they are no longer a Director of the Company, provided they notify the Company within three (3) months of them no longer being a Director (or, for those holders who are no longer Director as of the present General Shareholders' meeting, within three (3) months of June 22, 2012) and in paying simultaneously to the Company an additional subscription price of 0.01 euro per BSA<sup>2011</sup>.

**6 .. Proposal to issue a total of three million three hundred thousand (3,300,000) Autonomous Stock Warrants (BSA) to Eclat Holdings, LLC. (Seventeenth and Eighteenth resolutions)**

On March 13, 2012, the Company, through its wholly owned U.S. subsidiary Flamel US Holdings Inc., acquired all of the equity interests of Eclat Pharmaceuticals, LLC from Éclat Holdings, LLC, a Delaware limited liability company and an affiliate of the Company's largest shareholder Deerfield Capital L.P. Eclat Pharmaceuticals is a specialty pharmaceutical company based in St. Louis, Missouri that is focused on the development, approval, and commercialization of niche brands and generic products. In connection with the acquisition, the Company's board also appointed Mr. Michael S. Anderson, Chief Executive Officer (CEO) of Eclat Pharmaceuticals, LLC and owner of a 20% equity interest in Eclat Holdings, as Chief Executive Officer of the Company to replace Mr. Stephen Willard, who resigned as CEO but continues to serve on the board and as an employee of a U.S. subsidiary.

In exchange for all of the issued and outstanding equity interests of Éclat Pharmaceuticals, the Company, through Flamel US Holdings, provided consideration to Eclat Holdings primarily consisting of: (1) a USD 12,000,000 senior, secured six-year promissory note that is guaranteed by the Company and its subsidiaries and secured by the equity interests and assets of Éclat Pharmaceuticals; (2) two warrants to purchase a total of 3,300,000 American Depositary Shares (ADSs) of the Company; and (3) a commitment to make earnout payments of 20% of any gross profit generated by certain Éclat launch products and 100% of any gross profit generated by Hycet®, up to a maximum of \$1,000,000.

The senior secured promissory note is governed by the laws of the State of New York and is the equivalent of a "*billet à ordre*", in the principal amount of USD12,000,000, at the annual rate of 7.50% and with a term of six years.

The Company issued the two warrants, by way of two warrant agreements governed by the laws of the State of New York. These warrants give Eclat Holdings or any subsequent holder of the warrants the right to purchase, with respect to the first warrant, 2,200,000 American Depositary Shares ("ADS") of the Company for an exercise price of USD7.44 per ADS and, with respect to the second warrant, 1,100,000 ADSs for an exercise price of USD11.00 per ADS. The warrants may be only be exercised upon approval by the holders of Flamel's ordinary shares. If shareholder approval is not obtained by March 13, 2014, the term of the warrants will extend to seven years, and the warrants may be cash settled upon exercise by the holder at a price based on the intrinsic value of the warrant. The warrants also contain certain limitations that prevent the holder from exercising the warrants during any time that would result in the holder beneficially owning ADSs that exceed more than 19.985% of the total number of Flamel's ordinary shares then issued and outstanding. In addition, upon certain changes in control of Flamel after March 13, 2014 or upon certain defaults under the warrants, the holder has the right to cause Flamel to redeem the warrants in ADSs at a redemption price based on the Black Scholes value of the outstanding ADSs issuable under the warrants.

The holder of the warrants may exercise the warrants, in whole or in part, either through payment of the exercise price, including by set-off against payments to be made pursuant to the senior secured promissory note, or pursuant to a "cashless exercise" under which the number of ADSs to be issued would be reduced proportionately in line with the positive difference between the closing price of the ADS of the Company on the NASDAQ Global Market on the exercise date and the exercise price. The cashless exercise feature will not be available to the holders if these warrants are issued and subject to a registration statement permitting their transfer, except in the event of a "Major Transaction" as described more fully in the Warrant Agreement.

*Translated from French*

Upon the exercise of the warrants by the warrant holder, the Company would issue the related number of ordinary shares underlying these ADSs and the Bank of New York Mellon, as depositary under the Amended and Restated Deposit Agreement entered into with the Company on 10 August 2001 for the purposes of the ADS program of the Company, would grant the holder of the warrants the ADSs representing these ordinary shares which the Bank of New York Mellon would receive for deposit within the ADS program.

Hence, for the purpose of issuing these ADSs and underlying ordinary shares in the event of an exercise of these warrants, we propose that you authorize the issuance of a total number of 3,300,000 stock warrants ("*bons de souscriptions d'actions*" or "BSA") (respectively 2,200,000 and 1,100,000 BSA) for the benefit of Eclat Holdings, LLC pursuant to the terms and conditions specified in the warrant agreements.

We inform you that with respect to your decision to issue the said three million three hundred thousand (3,300,000) BSAs, you will have to suppress the shareholders' preferential subscription right appearing in Article L. 225-132 of the French Commercial Code, and reserve subscription to Eclat Holdings, LLC. In the event that you do not approve these BSAs, the Company will owe other compensation to Eclat Holdings, LLC in compensation for the amounts otherwise obtainable from these BSAs.

We inform you that the issuance of the warrants forms part of the consideration relative to the acquisition of Eclat Pharmaceuticals, LLC and that, if you decide to approve the related issuance of the BSAs, no subscription price will be received when the BSAs will be granted.

We also inform you that, if you decide to approve it, the issuance of these BSAs would involve a capital increase in a maximum nominal amount of EUR 402,468, by way of issuance of 3,300,300 new shares of a nominal value of EUR 0.12196 each.

We propose that you decide that each BSA gives its holder the right to subscribe to one ordinary share of the Company. The subscription price for each new share would be, for the 2,200,000 BSAs, USD7.44 and, for the 1,100,000 BSAs, USD11. This price would be fully paid up on exercise or in the case of a "cashless" exercise, the number of ordinary shares to be issued would be reduced proportionately in accordance with the positive difference between the closing price of the ADS of the Company on the NASDAQ Global Market on the exercise date and the exercise price.

We propose that you decide that the exercise of the warrants will take place exclusively on receipt by the Company, at any time, of an official notification of exercise of the warrant in advance from Eclat Holdings, LLC or any subsequent holder of the said warrant, in accordance with the terms and conditions of the warrant agreement, for a total number of BSAs corresponding to the number of ADSs for which Eclat Holdings, LLC or any subsequent holder of the warrants will have exercised the warrants.

We propose that you decide that each BSA may be exercised by its holder subject to the terms and conditions defined above, no more than six (6) years following the date of issuance of the warrants.

We propose that you decide that the new shares delivered to the subscriber at the time of exercise of its BSAs shall be subject to all of the provisions of the articles of association, and shall bear dividend rights as of the time of their issuance.

We propose that you decide that each BSA will be freely transferable, in whole or in part, subject to prior assignment and registration of the related warrant.



*Translated from French*

We propose that you decide that the subscription period for the BSAs will be open as of the day of this General Meeting of Shareholders and until December 31, 2012.

We propose that you decide that after the issuance of the BSAs, the Company shall be entitled to modify its form or its business purpose, modify the rules regarding the distribution of its profits, redeem its capital, create preferred shares resulting in such a change or redemption, subject to meeting, as the case may be, the obligations of said warrant agreements and Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code.

We propose that you decide that if the Company decides, after the issuance of the BSAs, to issue securities including a preferential subscription right for the shareholders, to distribute reserves, in cash or in specie, or premiums, or to modify the distribution of its profits by issuing preferred shares, the Company shall take the required steps for maintaining the rights of the BSA under the conditions defined in Article L. 228-99, 1° and 3°, excluding 2°, of the French Commercial Code.

We propose that you decide that in case of a reduction of its capital, whether or not that is due to losses, and carried out by reducing the par value or the number of securities constituting the capital, the rights of the holders of the BSAs shall be reduced as a result, as if they had exercised them before the date on which the capital reduction has become final.

We propose, if you authorize the issuance of these BSAs, to give the Board of Directors all powers necessary or appropriate to ensure the accomplishment of the issuance of the BSAs and more generally to proceed with all necessary formalities, including:

- gathering the subscription to the BSAs from Eclat Holdings, LLC,
- ordering early closing of the subscription period or extending it, depending on the case,
- recording the number of shares issued due to exercise of the BSAs, carrying out the formalities resulting from the corresponding capital increases and making the related modifications of the articles of association,
- to prepare and file, with assistance from the Company's officers and outside advisors, a registration statement with the United States Securities and Exchange Commission to register the ADSs to be issued upon exercise of any of the stock warrants (BSAs), and
- taking any steps to ensure protection of the holders of the BSAs in case of a financial operation concerning the Company, this pursuant to the legal and regulatory provisions in effect.

We propose that you take note, pursuant to the provisions of Article L. 225-138 of the French Commercial Code, of the fact that the issuance of the BSAs shall have to be carried out within a period of eighteen (18) months, starting from the date of the present meeting.

**7 .. Proposal to authorize the Board to increase the share capital through issuance of shares reserved for the employees (Nineteenth resolution)**

Pursuant to the provisions of Article L. 225-126-6 of the Code of Commerce and of Article L. 3332-18 of the Labour Code, we remind you that the shareholders must make a decision on a draft resolution aimed at carrying out a capital increase under the conditions laid down in Article L. 3332-18 of the Labour Code (reserved, directly or through the intermediary of a company investment fund, for the members of a company savings plan, even in the absence of such a plan within the Company), on the occasion of each capital increase by cash conveyance that is proposed to them.

*Translated from French*

As a result of the proposals regarding a capital increase listed above, we therefore invite you to make a decision on the proposed capital increase reserved for the Company's employees.

Such a resolution implies the suppression of the preferential application right granted to the shareholders, to the holders of stock warrants and to any other holder of securities offering access to the Company's capital, pursuant to the applicable legal and regulatory provisions.

In order to comply with this legal requirement, we are submitting for your approval a draft resolution authorizing the Board of Directors and delegating to it, for a period of twenty-six months, the powers required to increase the share capital, in a nominal amount equal at most to 1% of the share capital on the date of the present meeting, to set the issue price under the conditions laid down in the provisions of Article L. 3332-18 of the Labour Code, subject to supervision by the Auditor, and to determine the number of shares allocated to each beneficiary pursuant to the provisions of Article L. 225-138 of the Code of Commerce.

We draw your attention to the fact that the Company does not have a company savings plan.

Furthermore, the Board of Directors considers that the present authorization is unnecessary in view of the Company's situation and other existing compensation tools. Hence we invite you to vote **against** this resolution.

**8 .. Powers for formalities (*Twentieth resolution*)**

The twentieth resolution is a usual one granting the required powers for carrying out the notice and other formalities to be required in the light of the nature of the present combined Shareholders meeting of an ordinary and extraordinary nature.

\* \* \*

In the light of the draft resolutions subject to the jurisdiction of the Ordinary Shareholders' Meeting (first to eleventh resolution), which you will find described in the management report submitted by your Board of Directors, we advise the shareholders to **vote in favour of these resolutions.**

Furthermore, and in the light of the draft resolutions subject to the jurisdiction of the Extraordinary Shareholders meeting (twelfth to twentieth resolution), we advise the shareholders to **vote in favour of the, twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth and twentieth resolutions,** and to **vote against the nineteenth resolution.**

*Translated from French*

**The Board of Directors**

## DOCUMENT UNIQUE DE VOTE PAR CORRESPONDANCE OU PROCURATION

## FORM OF PROXY AND VOTE BY MAIL

\*IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please see instructions on reverse side

QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, DATE AND SIGN AT THE BOTTOM OF THE FORM

A. Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend the shareholders' meeting and request an admission card : date and sign at the bottom of the form.  
 B. J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

## FLAMEL TECHNOLOGIES

Société Anonyme au capital de 3 044 390 €  
 Siège social : Parc Club du Moulin à Vent  
 33, avenue du Docteur Georges Livry  
 69693 VENISSIEUX - France  
 379 001 530 R.C.S. LYON

**ASSEMBLEE GENERALE MIXTE  
 ORDINAIRE ET EXTRAORDINAIRE**  
 du 22 juin 2012 (à 11 heures au siège social) sur 1<sup>ère</sup> convocation  
 ou du 3 juillet 2012 sur deuxième convocation  
**COMBINED ORDINARY AND EXTRAORDINARY  
 GENERAL MEETING**  
 of June 22, 2012 (at 11:00 am. at the registered office) (1<sup>st</sup> calling)  
 or July 3, 2012 (2<sup>nd</sup> calling)

CADRE RESERVE / For Company's use only

Identifiant / Account

Nombre d'actions / Number of shares

Nombre de voix / Number of voting rights

**E. JE VOTE PAR CORRESPONDANCE // VOTE BY POST**  
 Cf. au verso renvoi (2) - See reverse (2)

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'administration, à l'EXCEPTION de ceux que je signale en notifiant comme ceci ■ la case correspondante et pour lesquels je vote NON ou je m'abstiens.

I vote FOR all the draft resolutions presented or approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■ for which I vote against or abstain.

Sur les projets de résolutions non approuvés ou non votés par le Conseil d'administration, je vote en notifiant comme ceci ■ la case correspondante à mon choix.

On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■.

1 2 3 4 5 6 7

8 9 10 11 12 13 14

15 16 17 18 20

Oui/ Yes  Non/No   
 Abst/Abst

19

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / If amendments or new resolutions are presented during the meeting:

- je donne pouvoir au Président de l'A.G. de voter en mon nom / I appoint the Chairman of the meeting to vote on my behalf

- je m'abstiens (l'abstention équivaut à un vote contre) / I abstain from voting (its equivalent to a vote against)

- je donne procuration (cf. au verso renvoi (2)) à M., Mme ou Mlle \_\_\_\_\_ pour voter en mon nom / I appoint (see reverse (2)) Mr., Mrs. or Miss / to vote on my behalf

Tout être prise en considération, toute formule doit parvenir au plus tard :  
 in order to be considered, this completed form must be returned at the latest

Sur 1<sup>ère</sup> convocation / on 1<sup>st</sup> notification AGO- AGE / ordinary meeting / extraordinary meeting

Sur 2<sup>ème</sup> convocation / on 2<sup>nd</sup> notification AGO- AGE / ordinary meeting / extraordinary meeting

A la SOCIÉTÉ / to the Company

22 juin 2012 / June 22, 2012

03 juillet 2012 / July 03, 2012

**F. JE DONNE POUVOIR AU PRÉSIDENT DE  
 L'ASSEMBLEE GENERALE**  
 Date et signer au bas du formulaire sans  
 rien renvoyer

I HEREBY GIVE MY PROXY TO THE  
 CHAIRMAN OF THE MEETING  
 Date and sign the bottom of the form without  
 completing it.  
 Cf. au verso renvoi (2) - See reverse (2)

**G. JE DONNE POUVOIR A**  
 (soit le conjoint, soit un autre actionnaire - cf. renvoi (2) au  
 verso - pour me représenter à l'assemblée  
 I HEREBY APPOINT (you may give your PROXY either to  
 your spouse or to another shareholder - see reverse (2) - to  
 represent me at the above-mentioned meeting)

M., Mme ou Mlle / Mr., Mrs. or Miss

Adresse/Address

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier  
 éventuellement)

/ Surname, first name, address of the shareholder (if this information is already supplied, please verify and  
 correct if necessary)

Cf. au verso renvoi (1) - See reverse (1)

Date et signature :

### UTILISATION DU DOCUMENT

- A.** L'actionnaire désire assister personnellement à l'Assemblée. Dans ce cas, il doit, au recto du document, cocher la case A puis dater et signer au bas du formulaire.  
**B.** A défaut, l'actionnaire peut utiliser le formulaire de vote (\*). Dans ce cas, il doit, au recto du document, cocher la case B et choisir l'une des trois possibilités :  
- Voter par correspondance (cocher la case appropriée, puis dater et signer au bas du formulaire)  
- Donner pouvoir au Président de l'Assemblée Générale (dater et signer au bas du formulaire sans remplir)  
- Donner pouvoir à une personne dénommée (cocher et compléter la case appropriée, puis dater et signer au bas du formulaire)

### QUELLE QUE SOIT L'OPTION CHOISIE la signature de l'actionnaire est indispensable

<p>(*) Le signataire est présumé être le titulaire de la signature, dans la zone réservée à cet effet, ses nom (en majuscules d'imprimerie), pré-nom usuel et adresse, si ces indications figurent déjà sur le formulaire, il est demandé au signataire de les vérifier et, éventuellement, de les rectifier. Pour les personnes morales, indiquer les nom, prénom et date de signature. Si le signataire n'est pas lui-même un actionnaire (exemple : Administrateur légal, Tuteur, etc.) il doit mentionner ses nom, prénom et la qualité en laquelle il signe le formulaire de vote. Le formulaire adressé pour une Assemblée vaut pour les autres Assemblées successives convoquées avec le même ordre du jour (Art R. 225-73 du Code de Commerce).</p> <p><b>VOTE PAR CORRESPONDANCE</b> (1) Art. L. 225-107 du Code de Commerce (extraits) « Tout actionnaire peut voter par correspondance, au moyen d'un formulaire dont les mentions sont fixées par décret. Les dispositions certaines des statuts sont toutefois non écrites. Pour le calcul du quorum, il n'est tenu compte que des formulaires qui ont été reçus par la Société avant la réunion de l'Assemblée, dans les conditions de délai fixées par décret. Les formulaires ne donnant aucune indication sur l'existence ou l'absence de vote sont considérés comme des votes blancs » Si vous souhaitez voter par correspondance, vous devez obligatoirement cocher la case « JE VOTE PAR CORRESPONDANCE » au recto. Dans ce cas, l'avis est demandé : Pour les projets de résolutions proposées ou agréés par le Conseil d'Administration ou le Directeur ou la Gérance : - soit de voter « oui » pour l'Assemblée des résolutions en ne recroquant aucune case, - soit de voter « non » ou de voter « abstention » (cocher l'option « J'abstiens ») sur toutes les résolutions en recroquant indistinctement les cases correspondantes. Pour les projets de résolutions non agréés par le Conseil d'Administration ou le Directeur ou la Gérance : - de voter résolution par résolution en recroquant la case correspondant à votre choix. En outre, pour le cas où des amendements aux résolutions présentées ou des résolutions nouvelles seraient déposées lors de l'Assemblée, il vous est demandé d'opter entre 3 solutions (pouvoir au Président de l'Assemblée Générale, abstention ou pouvoir à personne dénommée), en recroquant la case correspondante à votre choix.</p>	<p>(2) Art. L. 225-106 du Code de Commerce (extraits) « Un actionnaire peut se faire représenter par un autre actionnaire, par son conjoint ou par le partenaire avec lequel il a conclu un pacte civil de solidarité » Tout actionnaire peut recevoir les pouvoirs émis par d'autres actionnaires en vue d'être représenté à une Assemblée, sans autres limites que celles résultant des dispositions légales ou statutaires fixant le nombre maximal des voix dont peut disposer une même personne tant en son nom personnel que comme mandataire. Avant chaque réunion de l'Assemblée Générale des actionnaires, le Président du Conseil d'Administration ou le Directeur, selon le cas, peut organiser la consultation des actionnaires mentionnés à l'article L. 225-102 afin de leur permettre de désigner un ou plusieurs mandataires pour les représenter à l'Assemblée Générale conformément aux dispositions du présent article. Cette consultation est obligatoire lorsque les statuts ayant été modifiés en application de l'article L. 225-23 ou de l'article L. 225-71, l'Assemblée Générale ordonne de nommer au Conseil d'Administration ou au Conseil de surveillance, selon le cas, un ou des salariés actionnaires ou membres des Comités de surveillance des fonds communs de placement d'entreprise obtenant des actions de la Société. Les causes contraires aux dispositions des articles précités sont réputées non écrites. Pour toute procuration d'un actionnaire sans indication de mandataire, le Président de l'Assemblée Générale émet un vote favorable à l'adoption de projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directeur, selon le cas, et un vote défavorable à l'adoption de tous les autres projets de résolutions. Pour émettre tout autre vote, l'actionnaire doit faire choix d'un mandataire qui accepte de voter dans le sens indiqué par le mandant.</p>
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(\*) Le texte des résolutions figure dans le dossier de convocation joint au présent formulaire (Art R. 225-51 du Code de Commerce) ; ne pas utiliser à la fois « JE VOTE PAR CORRESPONDANCE » et « JE DONNE POUVOIR A » (Art R. 225-51 § 6° CC). La langue française est faite foi.

**NB :** Si les informations contenues sur le présent formulaire sont utilisées pour un fichier nominatif informatisé, elles sont soumises aux prescriptions de la Loi 78-17 du 6 janvier 1978, notamment en ce qui concerne le droit d'accès et de rectification pouvant être exercé par l'intéressé.

### INSTRUCTIONS FOR COMPLETION

- A.** If the shareholder wishes to attend the meeting personally, tick box A on the front of the document. Please also date and sign at the bottom of the form.  
**B.** Otherwise, the shareholder may use this form as a postal vote (\*).  
In this case, check box B on the front of the form and choose one of the three possibilities:  
- use the postal voting form (tick the appropriate box, date and sign below)  
- give your proxy to the Chairman of the meeting (date and just sign at the bottom without filling in)  
- give your proxy to another shareholder (tick and fill in the appropriate box, date and sign below)

### WHICHEVER OPTION IS USED the shareholder's signature is necessary

(\*) The shareholder should write his usual name and address in capital letters in the space provided. If this information is already supplied, please verify and correct if necessary. If the shareholder is a legal entity, the signatory should indicate his/her full name and the capacity in which he is entitled to sign on the legal entity's behalf. If the signatory is not the shareholder (e.g. a legal guardian, etc.), please specify your full name and the capacity in which you are signing the proxy.  
The forms sent for one meeting will be valid for all meetings subsequently convened with the same agenda (Art R. 225-73) Code de Commerce.)

**POSTAL VOTING FORM**  
(1) Art L. 225-107 of Code de Commerce (extract): "A shareholder can vote by post using a postal voting form determined by law. Any other statute is deemed to be invalid".  
Only the forms received by the Company before the meeting, within the time limit and conditions determined by law, are valid to calculate the quorum.  
The forms giving no voting direction or indicating abstentions are deemed to vote abstain.

If you wish to use the postal voting form, you must tick the box on the front of the document "I VOTE BY POST".

In such case, please comply with the following instructions:

For the resolutions proposed or agreed by the Board, you can:  
- either vote "for" all the resolutions by leaving the boxes blank  
- or vote "against" or "abstention" (tick the equivalent to voting against) by shading boxes of your choice.

For the resolutions not agreed by the Board, you can:

- vote resolution by resolution by shading the appropriate box.  
In the case of amendments or new resolutions during the shareholders' meeting, you are requested to choose between three possibilities (proxy to the chairman of the meeting, abstention or proxy to another shareholder) by shading the appropriate box.

(\*) The text of the resolutions are in the notification of the meeting which is sent with this proxy (Art R.225-51 Code de Commerce); please do not use both « I VOTE BY POST » and « I HEREBY APPOINT » (Art R. 225-51 § 6° CC). The French version of this document governs. The English translation is for convenience only.

**NB :** If any information included in this form is used for a computer file, it is protected by the provisions of law 78-17 of January 6, 1978, especially about rights of access and alteration that can be exercised by interested parties.

# Flamel Technologies S.A.

## ORDINARY RESOLUTIONS

1. Approval of Statutory Accounts for year ended December 31, 2011.
2. Allocation of results.
3. Renewal of Mrs Catherine Bréchignac as Director.
4. Renewal of Mr. Guillaume Cerutti as Director.
5. Renewal of Mr. Francis JT Fildes as Director.
6. Renewal of Ambassador Craig Stapleton as Director.
7. Renewal of Mr. Ele Vannier as Director.
8. Renewal of Mr. Stephen H. Willard as Director.
9. Appointment of Mr. Michael S. Anderson as Director.
10. Determination of the annual amount of Directors' attendance fees.
11. Approval of agreements referred to in article L. 225-38 et seq. of the "Code de commerce".

## EXTRAORDINARY RESOLUTIONS

12. Authorization to be granted to the Board of Directors to allocate one million (1,000,000) stock options and taking note of the resulting capital increases.
13. Authorization to be granted to the Board of Directors to allocate two hundred thousand (200,000) shares at no cost ("tree shares") and taking note of the resulting capital increases.
14. Modification of terms and conditions for exercise of warrants issued in 2009.
15. Modification of terms and conditions for exercise of warrants issued in 2010.
16. Modification of terms and conditions for exercise of warrants issued in 2011.
17. Issuance of a total of two million two hundred thousand (2,200,000) stock warrants ("bons de souscriptions d'actions" or "BSAs") to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
18. Issuance of a total of one million one hundred thousand (1,100,000) stock warrants ("bons de souscriptions d'actions" or "BSAs") to Eclat Holdings, LLC; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
19. Authorization to be granted to the Board of Directors for increasing the share capital through issuances of shares reserved for the members of a company saving plan established pursuant to Articles L.3332-18 et seq. of the Labour Code.
20. Powers for formalities.

W0# 25508

▼ FOLD AND DETACH HERE ▼

Please mark your vote as indicated in this example

The Board of Directors advises to vote in favor of all resolutions, except for nineteenth (19th) resolution

### ORDINARY RESOLUTIONS

	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

### EXTRAORDINARY RESOLUTIONS

	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
12.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**RESTRICTED SCAN LINE AREA**

Mark Here for Address Change or Comments SEE REVERSE

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

▼ FOLD AND DETACH HERE ▼

**Flamel Technologies S.A.**  
**Instructions to The Bank of New York Mellon, as Depositary**  
**(Must be received prior to 5:00 p.m. on June 14, 2012)**

The undersigned registered owner of American Depositary Shares hereby requests and instructs The Bank of New York Mellon, as Depositary, to endeavor, in so far as practicable, to vote or cause to be voted the amount of Ordinary Shares or other deposited securities represented by such American Depositary Shares registered in the name of the undersigned on the books of the Depositary as of the close of business on May 15, 2012 at the Combined Shareholders Meeting of Flamel Technologies S.A. to be held on June 22, 2012 in respect of the resolutions specified on the reverse.

Please direct the Depositary how it is to vote by placing an X in the appropriate box beside each resolution.

If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to vote such Deposited Securities and the Depositary shall vote such Deposited Securities in favor of any resolution proposed by the management of the Issuer and against any resolution not proposed by such management, except in case where (i) the Issuer does not wish such vote cast, (ii) substantial opposition exists or (iii) such matter materially and adversely affects the rights of holders of Shares or American Depositary Shares.

NOTE: As registered owners of American Depositary Shares are not registered as holders of Shares on the registry maintained by or on behalf of Flamel Technologies, S.A., in accordance with French company law and the statute of the Flamel Technologies S.A., registered owners of American Depositary Shares have no standing to (i) appear and vote at any meeting of holders of Shares, or (ii) propose any resolution at any shareholders' meeting. If a holder of American Depositary Shares wishes to appear and vote at any meeting of the holders of Shares, or to propose any resolution at such meeting, such holder must surrender its receipts and withdraw the corresponding Deposited Securities pursuant to Section 2.5 of the Deposit Agreement and become registered on the registry maintained by or on behalf of Flamel Technologies S.A. at least (i) one (1) Paris Business Day prior to the date of the relevant shareholders' meeting to appear and vote at such meeting, or (ii) twenty-five (25) calendar days prior to the date of the relevant shareholders' meeting to propose any such resolution.

<p><b>Address Change/Comments</b> (Mark the corresponding box on the reverse side)</p>

THE BANK OF NEW YORK MELLON  
PO BOX 3549  
S HACKENSACK NJ 07606-9249

(Continued and to be marked, dated and signed, on the other side)

W0# 25508

FLAMEL TECHNOLOGIES

Société Anonyme with a share capital of Euros 3,044,396

Registered Office :

Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX (France)

379 001 530 R.C.S. LYON

**DOCUMENT AND INFORMATION REQUEST FORM**

Article R.225-81 of the French Code de Commerce

I, the undersigned:

\_\_\_\_\_ (first and last names and address) owner of \_\_\_\_\_ (number of shares owned) registered shares of Flamel Technologies, a *Société Anonyme* with a share capital of Euros 3,044,396 having its registered office at Parc Club du Moulin à Vent, 33, avenue du Docteur Georges Lévy, 69693 VENISSIEUX (France), identified under number 379 001 530 R.C.S. LYON (the "Company"),

Hereby request that the documents referred to Art R.225-83 of the French Code de Commerce and relating to the combined ordinary and extraordinary meeting of the shareholders of the Company to be held at the registered office on June 22, 2012 at 11 a.m. (French time), be addressed to me at (address)

\_\_\_\_\_ ..

In my capacity of owner of registered shares, I hereby also request in accordance with Article R.225-88 of the French Code de Commerce that a proxy form together with the documents and information set forth at Articles R.225-81 and R.225-83 of the French Code de Commerce be addressed to me on the occasion of each subsequent shareholders' meeting.\*

I hereby declare that these shares are registered in an account held by CACEIS or Crédit Lyonnais\*\*.

Done in \_\_\_\_\_, on \_\_\_\_\_

*Signature of the shareholder*

\*To be deleted if not requested

\*\* To be deleted if unuseful



