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

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**FORM 6-K**

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

**For the month of April 2007**

**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 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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## INFORMATION FILED WITH THIS REPORT

### Document Index

- 99.1 Notice of a Combined Ordinary and Extraordinary Meeting of Shareholders on May 15, 2007.
  - 99.2 Draft Resolutions to be submitted at the Ordinary and Extraordinary General Shareholders' Meeting on May 15, 2007.
  - 99.3 Management Report prepared by the Board of Directors to be presented at the Annual Ordinary Shareholders' Meeting on May 15, 2007.
  - 99.4 Chairman's Report on the Conditions of Preparation and Organization of the Board of Directors and on the Internal Control Policies Implemented by the Company to be presented at the Combined Ordinary General Shareholders' Meeting on May 15, 2007.
  - 99.5 Board Report to be submitted at the Combined Shareholders' Meeting on May 15, 2007.
  - 99.6 Form of Proxy to Shareholders.
  - 99.7 Form of Proxy to ADR Holders.
  - 99.8 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.

Flamel Technologies S.A.

Dated: April 20, 2007

By: /s/ Stephen H. Willard

Name: Stephen H. Willard

Title: Chief Executive Officer

FLAMEL TECHNOLOGIES  
Société Anonyme with a share capital of Euros 2,925,755  
Registered Office :  
Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX (France)  
379 001 530 R.C.S. LYON

NOTICE OF A COMBINED ORDINARY AND EXTRAORDINARY GENERAL  
MEETING OF SHAREHOLDERS  
ON MAY 15<sup>TH</sup>, 2007

Sent by Mail

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 May 15th at 10 a.m. 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 31 December 2006.
2. Allocation of results to retained earnings.
3. Renewal of Mr Elie Vannier as Director.
4. Renewal of Mr Cor Boonstra as Director.
5. Renewal of Mr. Frederic Lemoine as Director.
6. Renewal of Mr. John L. Vogelstein as Director.
7. Renewal of Mr. Stephen H. Willard as Director.
8. Renewal of Mr Lodewijk J.R. De Vink as Director.
9. Determination of the annual amount of Directors' attendance fees.
10. Approval of agreements referred to in article L. 225-38 et seq. of the Commercial Code.

Resolutions within the competence of the extraordinary general shareholders' meeting

11. Authorization to be granted to the Board of Directors for allocation of five hundred thousand (500,000) stock options and taking note of the resulting capital increases.
12. Authorization to be granted to the Board of Directors with a view to allocation of two hundred thousand (200,000) shares at no cost ("free shares") and taking note of the resulting capital increases.
13. Authorization to be granted to the Board of Directors for issue of a maximum number of one hundred and fifty thousand (150,000) stock warrants (BSA) reserved for a category of persons consisting of the company's directors who are neither authorized agents nor employees of the company, but including the Chairman of the Board of Directors; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.

**- Translated from French -**

- 14.** Authorization to be granted to the Board of Directors for increasing the share capital by issues of shares reserved for the members of a company saving plan established in application of Articles L.443-5 et seq. of the Labour Code.
- 15.** Powers for formalities.

Please note that in the event that you are not able to attend the meeting, you may either grant a proxy to your spouse or to another shareholder, who will be attending the meeting, or vote by mail. You may also address a proxy to the Company without indicating any representative. In this latter case, please note that the Chairman of the meeting will thus (i) vote in favor of the resolutions approved by the Board of Directors and (ii) vote unfavorably for the other resolutions, which would have not been approved by the Board. If you wish to vote in another way, you shall give a proxy to a representative, who will agree to vote as you require.

Under no circumstances, will you be allowed to return to the Company a document including both instructions of vote by mail and by proxy.

The voting instructions will not be taken into account unless the above-mentioned document, duly filled out, reaches the Company at least three days before the Shareholders' meeting.

THE BOARD OF DIRECTORS

**- Translated from French -**

**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 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 OR IF THEY ARE OWNER OF BEARER SHARES THEY HAVE DEPOSITED A CERTIFICATE STATING THE UNAVAILABILITY OF THEIR SHARES AT LEAST ONE DAY PRIOR TO THE DATE OF THE MEETING.

IF YOU EXPECT NOT TO BE PRESENT AT THE MEETING, YOU MAY COMPLETE AND PROMPTLY RETURN THE FORM OF PROXY AND VOTE BY MAIL (DOCUMENT UNIQUE DE VOTE PAR CORRESPONDANCE ET PAR PROCURATION), WHICH IS ENCLOSED FOR YOUR CONVENIENCE.

PLEASE NOTE THAT ANY ABSTENTION EXPRESSED IN THE FORM OF PROXY AND VOTE BY MAIL (DOCUMENT UNIQUE DE VOTE PAR CORRESPONDANCE ET PAR PROCURATION) OR RESULTING FROM THE ABSENCE OF INDICATION OF VOTE WILL BE DEEMED TO BE AN UNFAVORABLE VOTE TO THE PROPOSED RESOLUTION.

IF THE QUORUM FOR THE ORDINARY MEETING IS NOT MET ON MAY 15th, 2007, SHAREHOLDERS WILL BE INVITED TO VOTE ON A MEETING WHICH WILL BE HELD ON MAY 22, 2007 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.

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:**

- § Draft resolutions to be presented to the combined ordinary and extraordinary shareholders' meeting;
- § Report of the Board of Directors including table of the Company's results for the last five financial years;
- § Report on internal control
- § Report to extraordinary shareholders meeting
- § Form of proxy and vote by mail;
- § Document and information request form.

**FLAMEL TECHNOLOGIES**  
*Société Anonyme* with a stated capital of 2,925,755 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

**DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY AND  
EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON MAY 15, 2007**

**– DRAFT RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY  
GENERAL SHAREHOLDERS' MEETING –**

1. Approval of Statutory Accounts for year ended 31 December 2006.
2. Allocation of results to retained earnings.
3. Renewal of Mr Elie Vannier as Director.
4. Renewal of Mr Cor Boonstra as Director.
5. Renewal of Mr. Frederic Lemoine as Director.
6. Renewal of Mr. John L. Vogelstein as Director.
7. Renewal of Mr. Stephen H. Willard as Director.
8. Renewal of Mr Lodewijk J. R. De Vink as Director.
9. Determination of the annual amount of Directors' attendance fees.
10. Approval of agreements referred to in article L. 225-38 *et seq.* of the Commercial Code.

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

11. Authorization to be granted to the Board of Directors for allocation of five hundred thousand (500,000) stock options and taking note of the resulting capital increases.
12. Authorization to be granted to the Board of Directors with a view to allocation of two hundred thousand (200,000) shares at no cost ("free shares") and taking note of the resulting capital increases.
13. Authorization to be granted to the Board of Directors for issue of a maximum number of one hundred and fifty thousand (150,000) stock warrants (BSA) reserved for a category of persons consisting of the company's directors who are neither authorized agents nor employees of the company, but including the Chairman of the Board of Directors; authorization to be granted to the Board of Directors for carrying out the resulting capital increases.
14. Authorization to be granted to the Board of Directors for increasing the share capital by issues of shares reserved for the members of a company saving plan established in application of Articles L.443-5 *et seq.* of the Labour Code.
15. Powers for formalities.



**FIRST RESOLUTION**

*Approval of Statutory Accounts for year ended 31 December 2006*

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, 2006, 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 said 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 (17,259,532) euros.

Accordingly, the General Shareholders' Meeting grants the Directors full discharge for the performance of their duties during said 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 17,145 Euros during the fiscal year ended December 31, 2006 corresponding to excess redemption.

**SECOND RESOLUTION**

*Allocation of results to retained earnings*

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, 2006, amounting to (17,259,532) euros, to the carry forward account, which will then amount to (74,505,317) euros.

It is recalled, pursuant to article 243 *bis* of the General Tax Code, that no dividend was distributed for the fiscal years ended December 31, 2005, December 31, 2004 and December 31, 2003.

**THIRD RESOLUTION**

*Renewal of Mr Elie Vannier as 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 convened to approve the financial statements for the fiscal year ending December 31, 2007.

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

**FOURTH RESOLUTION**

*Renewal of Mr Cor Boonstra as 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 Cor Boonstra 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 convened to approve the financial statements for the fiscal year ending December 31, 2007.

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

**FIFTH RESOLUTION**

*Renewal of Mr. Frédéric Lemoine as 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 Frédéric Lemoine 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 convened to approve the financial statements for the fiscal year ending December 31, 2007.

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

**SIXTH RESOLUTION**

*Renewal of Mr. John L. Vogelstein as 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 John L. Vogelstein 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 convened to approve the financial statements for the fiscal year ending December 31, 2007.

**- Translated from French -**

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

**SEVENTH RESOLUTION**

*Renewal of Mr. Stephen H. Willard as 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, 2007.

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

**EIGHTH RESOLUTION**

*Renewal of Mr Lodewijk J.R. De Vink as 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 Lodewijk J.R. De Vink 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 convened to approve the financial statements for the fiscal year ending December 31, 2007.

Lodewijk J.R. De Vink has declared that he complied with all the conditions required by applicable laws and regulations in order to hold such office.

**NINTH RESOLUTION**

*Determination of the annual amount of Directors' attendance fees*

After having heard a reading of the Board of Directors' management report, the General Shareholders' Meeting voting under the quorum and majority conditions for ordinary general meetings, decides to allocate to the Board of Directors, under condition of adoption of resolution three to eight, a maximum aggregate amount of 400,000 euros as annual attendance fees (*jetons de presence*) for the fiscal year ending December 31, 2007.

**- Translated from French -**

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

**TENTH RESOLUTION**

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

After having heard a reading of the Board of Directors' management report, and the statutory auditor's special report regarding the agreements referred to in article L. 225-38 et seq. of the Commercial Code, the General Shareholders' Meeting voting under the quorum and majority conditions for ordinary general meetings, approves the agreements entered into or previously authorized and which remained into force during the fiscal year ended December 31, 2006, together with the transactions mentioned therein.

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

**ELEVENTH RESOLUTION**

*Authorization to be granted to the Board of Directors for allocation of five hundred thousand (500,000) stock options and taking note of the resulting capital increases.*

After having heard a reading of the report of the Board of Directors and of the special report of the Statutory Auditor, the General Shareholders' Meeting decides to authorize the Board of Directors, for a term of thirty eight months, to grant, in one or several times, in accordance with Articles L. 225-177 et seq. of the Commercial Code, 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 Commercial Code, a maximum number of five hundred thousand (500,000) options giving right to the subscription for shares of the Company to be issued as capital increase of the Company.

After having taken cognizance of the report of the Board of Directors, the General Shareholders' Meeting 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 beneficiary(ies) 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 market price for the share, in the form of ADS, on the NASDAQ, 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 market price for the share on the NASDAQ, 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 market price for the share on the NASDAQ, 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 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,

**- Translated from French -**

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 Commercial Code.

The General Shareholders' Meeting 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.

The General Shareholders' Meeting decides to authorize the Board of Directors and to grant it all powers in order to:

- 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 Commercial Code, and/or to be an officer of the Company within the meaning of Article L. 225-185 paragraph 4 of the Commercial Code, at the time of the exercise of the options;
- 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,
- 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,
- 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.

The General Shareholders' Meeting decides to authorize the Board of Directors and to grant it all powers for the purpose of issuing a maximum of 500,000 shares with an approximate nominal value of 0.12196 euros, and accordingly, increasing the share capital in a maximum nominal amount of 60,980 euros.

The General Shareholders' Meeting acknowledges that, in accordance with Article L. 225-178 paragraph 1 of the 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.

The General Shareholders' Meeting accordingly decides 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 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.

**TWELFTH RESOLUTION**

*Authorization to be granted to the Board of Directors in view of allocating 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 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 Commercial Code or for the benefit of the company managers referred to in Article L. 225-197-1, II of the Commercial Code;
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 bound to it directly or indirectly, pursuant to the conditions of Article L 225-197-2 of the Commercial Code and/or the company managers who meet the conditions of Article L 225-197-1 of the 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 free allocated is fixed at 200,000 shares, 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 their 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 Social Security Code;
6. decides, in dispensation from the above, that beneficiaries who are not residents in 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. These same beneficiaries will then be bound by no period of conservation;
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;

**- Translated from French -**

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 Commercial Code pursuant to the conditions stipulated by Article L. 225-197-4 of said Code.

**THIRTEEN RESOLUTION**

*Authorization to be granted to the Board of Directors for issue of a maximum number of one hundred and fifty thousand (150,000) stock warrants (BSA) reserved for a category of persons consisting of the company's directors who are neither authorized agents nor employees of the company, but including the Chairman of the Board of Directors; 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 Commercial Code,

1. decides to authorize the Board to issue 150,000 warrants (BSA) for a subscription price to be paid up in cash and determined by the Board based on the evaluation of an independent expert. Such evaluation shall be the fair value of the warrants (BSA) which will be in part a function of the subscription price of the shares to be determined by the Board, in accordance with the provisions set forth in paragraph 3 below. The subscription amount of these warrants (BSA), if any, will be registered in a special reserve account labeled "issue premium" which will carry rights for all shareholders;
2. decides to cancel the preferential right of subscription attributed to the shareholders by Article L. 225-132 of the Commercial Code and to reserve the subscription of these 150,000 warrants (BSA), to the following category of beneficiaries: Directors of the Company who are not officers and/or employees of the Company, but including the Chairman

- Translated from French -

3. decides that each warrant (BSA) will give its holder, subject to the terms and conditions set forth hereafter and in the Board's decision to issue the warrants (BSA), the right to subscribe to one share of the Company for a subscription price which shall be the market price for the share, in the form of ADS, on the NASDAQ, on the closing of the trades on the day preceding the decision of the Board to issue such warrants (BSA), provided that such price shall not be less than 80% of the average of the market price for the share on the NASDAQ, in the form of ADS, during the last twenty trading days preceding such Board's decision. In this case, the price for the share shall be equal to 80% of the average of the market price for the share on the NASDAQ, in the form of ADS, during the last twenty trading days preceding such Board's decision;
4. resolves that the shares thus subscribed upon exercise of the warrants (BSA) shall be fully paid up on the date of their subscription, either in cash or by offset of debt in the conditions laid down by law;
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 five 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;
6. If its holder fails to exercise the warrant in whole or in part at the expiry of the above mentioned period, the warrant (BSA) and the attached right to subscribe will lapse automatically;
7. decides that, as of, at the issuance date of the warrants (BSA), the Company will be entitled to:
  - conduct any change in its corporate organization,
  - conduct any change in its corporate purpose,
  - change the allocation rule of its profits and to redeem its share capital, subject to the Company taking all the necessary measures to protect the warrants holders pursuant to Article L. 228-99 of the Commercial Code,
  - issue preferred shares subject to the Company taking all the necessary measures to protect the warrants holders pursuant to Article L. 228-99 of the Commercial Code;
8. 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 warrants' holders pursuant to the provisions of Article L. 228-99 of the Commercial Code;
9. decides that, in the case of a capital reduction, motivated or not by losses, and conducted through either a decrease of the par value of the shares or a decrease of the number of shares, the warrants holders' rights will be decreased accordingly as if they had been exercised, before the date when the capital decrease has become final;
10. acknowledges that, pursuant to the provisions of Article L. 228-103 *et seq.* of the Commercial Code, the warrants' holders will all be grouped together in order to defend their common interests, in an assembly (a "*masse*") with a civil personality. General warrants holders meetings will be convened to authorize any changes in the issuance terms and conditions and to decide on any decision regarding the conditions of subscription or allocation of the shares as set forth at the time issuance took place. Each warrant will give access to one voting right. The conditions regarding the quorum and the majority will be those determined in the second and third paragraph of Article L. 225-96 of the Commercial Code. The expenses incurred in



**- Translated from French -**

connection with such meetings, as well as, generally, any expenses in connection with the assembly (“*masse*”) will be borne by the Company;

11. Consequently and in accordance with the provisions of Article L. 228-91 of the Commercial Code, authorizes the issue of a maximum of 150,000 new ordinary shares of an approximate nominal value of 0.12 euro each to which exercise of warrants (BSA) will give rise, that is, a capital increase of an approximate maximum nominal amount of 18,294 euros, without taking into account, as the case may be, any additional shares that may be issued to protect the interests of the warrants’ holders pursuant to the provisions of Article L. 228-99 of the Commercial Code;
12. decides that the new shares remitted to the subscriber on exercise of the warrant will be subject to all the provisions of the bylaws of the Company and will carry distribution rights from the date of their creation;
13. acknowledges that, in accordance with Article L. 225-132 paragraph 6 of the 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 warrants (BSA), for the benefit of the holders of the above-mentioned 150,000 warrants (BSA);
14. decides that this authorization is granted for a term of eighteen (18) months starting from the date of this General Shareholders’ Meeting;
15. acknowledges that, such 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 Commercial Code;
16. decides to grant the Board of Directors with all necessary powers to implement this decision under the terms and conditions set by the present resolution and by law, and in particular:
  - to issue and fix the subscription price of the warrants (BSA)
  - to determine the beneficiaries amongst the category defined by this resolution,
  - to fix the issue price of the shares to be subscribed upon exercise of the warrants (BSA) in accordance with terms and conditions set by the present resolution, the dates, periods and conditions of subscription and final details of the issue within the limits laid down by this general meeting of shareholders and to allocate the issue premium, as the case may be,
  - to close the subscription period early or extend its date, if required,
  - to gather the subscriptions and payments in respect of the subscription for the aforementioned warrants (BSA),
  - to record the number of shares issued on exercise of the warrants (BSA) and carry out any formalities resulting from the corresponding increases in share capital and make the corresponding amendments to the bylaws,
  - to take any action required to ensure the protection of the warrant holder in the event of financial operations relating to the Company, in accordance with the legal and regulatory provisions in force, and generally, to take any action and carry out any formality which is useful in respect of this issue.

**FOURTEEN RESOLUTION**

*Authorization to be granted to the Board of Directors for increasing the share capital by issues of shares reserved for the members of a company saving plan established in application of Articles L.443-5 et seq. of the Labour Code.*

**- Translated from French -**

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 Commercial Code and Article L. 443-5 *et seq.* of the 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 (*Fonds commun de placement d'entreprise*), to members of a company sponsored saving plan, as provided for in Article L. 443-1 *et seq.* of the Labor Code, for employees of the Company or its affiliates, as defined under Article L. 225.180 of the 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 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. 443-5 of the 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.

**FIFTEENTH RESOLUTION**

*Powers for formalities.*

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

**Translated from French**

**FLAMEL TECHNOLOGIES**

A *Société Anonyme* with a stated capital of 2 925 755 euros

Registered office:

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

379 001 530 RCS Lyon

**MANAGEMENT REPORT BY THE BOARD OF DIRECTORS  
TO THE ORDINARY SHAREHOLDERS MEETING  
HELD ON 15 MAY 2007**

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 the Company's situation and business during the financial year ending on 31 December 2006 (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.

At the said Ordinary SHAREHOLDERS MEETING, you will hear a reading of the reports by the auditor.

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

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

You will kindly note that the accounting methods used in established the said annual financial statements are the same as the ones used for the previous financial years.

**I. THE COMPANY'S ACTIVITY**

The financial year ending on 31/12/2006 represents a key year for FLAMEL, more particularly marked by the marketing authorization granted by the FDA for the CoregCR product, developed in partnership with GlaxoSmithKline ("GSK"), and which will be marketed by GSK before the end of the first quarter of 2007.

Finalization of this project required construction of a new production unit at our Pessac site, making it possible to start manufacture of the commercial batches in 2006. Our Pessac site was successfully audited and approved by the FDA.

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**- Translated from French -**

This project marks a noteworthy and very positive advance for our company, which is going to be able to base its development, both in terms of research and development and in terms of “business development”, on this success.

To deal with the forecasts for increased production at the site, Flamel has started work on extending its “Micropump® pilot”. GlaxoSmithKline has committed itself to financing the project to the extent of 5.5 million euros, in exchange for exclusive use of the pilot after completion of the work for a period of three years.

Moreover, the company continued to develop its two technological platforms, Micropump® and Medusa®, throughout the year 2006, particularly with the development of a single polymer for Medusa® and its application to the Basulin® project.

**II. RESULTS OF THE FINANCIAL YEAR ACTIVITY**

The following results have been established in accordance with the French accounting standards.

**1. Operating profit**

The operating revenues for the 2006 financial year come to 20.6 million euros, compared with 17.5 million euros in 2005. The 2006 revenues include 1.6 million euros in sales of products, 16.4 million euros in revenue from licenses and research, and 0.5 million euros in royalties.

The salaries and social charges, representing 39% of the operating charges, rose by 21.8 in 2006 to 17.7 million euros, compared with 14.5 million euros in 2005. This increase is mainly due to the increase in the number of employees, particularly in connection with development of the production activity in Pessac for GSK and the CoregCR project (302 employees on 31/12/2006 against 254 employees on 31/12/2005).

The operating charges are down by comparison with 2005 following the decline of the expenditures relating to the clinical studies following the complete review of the research projects during the financial year. This reduction of expenditures was partly offset by the increased payroll charges resulting from a marked staff increase, at the Pessac site, for production of CoregCR.

The financial net income, standing at 1.2 million euros in 2006, comes mainly from financial revenue generated by investing our available cash.

The loss before taxes and extraordinary earnings in 2006 came to 22.5 million euros, compared with a loss of 27.8 million euros in 2005.

In view of an extraordinary profit of 3.5 million euros and of a research tax credit amounting to 1.7 million euros, the net loss for the financial year comes to 17,259,532 euros, compared with a net loss of 20,705,494 euros for the previous financial year.

## 2. Balance sheet

### Assets

Total assets come to 90.7 million euros, including 21.7 million euros in fixed assets and 68 million euros in current assets.

Accounts receivable at the end of the financial year stood at 4.2 million euros.

The short-term investment securities come to 47 million euros at the end of 2006, including investment funds invested on the money market and time deposits, to be compared with 70.1 million euros at end-2005.

### Liabilities

The net worth, taking the 2006 losses into account, comes to 72.5 million euros.

The rest of the liabilities come to 18.2 million euros, including 7.2 million euros in accounts payable, 2.1 million euros in repayable advances from the French administration, and 4.7 million euros in social and taxation liabilities.

## 3. Investments made

The physical investments made during the financial year come to 13.3 million euros, and went mainly into research and development activities and development in Pessac of a production unit for GSK's COREG project.

## 4. Financing

The Company did not make any external financing transactions during the 2006 financial year.

No important events having a material effect on the annual financial statements for 2006 occurred between 1 January 2007 and the date of the present management report.

Nevertheless, we remind you that your Board of Directors recorded the capital increase following exercise of 257 000 options and the subscription to 27,000 equity warrants for an amount of 34,636,64 €, increasing the share capital to 2,925,755 €.

The financial statements is subject to approval by the SHAREHOLDERS MEETING. (first resolution)

## **III. PROGRESS MADE – DIFFICULTIES ENCOUNTERED**

The company made considerable progress in 2006, and the most important points were as follows:

- The registration of CoregCR, and the audit and approval of our Pessac site by the FDA.

**- Translated from French -**

- FLAMEL modified its strategy in connection with its Medusa® platform along the lines of simplification and rationalization with development of a single polymer applicable to all current and future developments.
- Several feasibility studies in connection with both Micropump® and Medusa® were launched with various partners, which could wind up in some new partnerships in the future.
- The development of our polymer technologies for application to Medusa®

**IV. APPROPRIATION OF THE EARNINGS**

The financial statements presented to you show that the net income for the financial year is a loss of 17,259,532 euros.

We propose to you to appropriate this entire loss of 17,0259,532 to the retained earnings account, which, following that appropriation, will amount to 74,505,317 euros (second resolution).

**V. PURCHASES OF ITS OWN SHARES MADE BY THE COMPANY**

None.

**VI. DIVIDENDS PAID FOR THE LAST THREE FINANCIAL YEAR 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.

**VII. NON DEDUCTIBLE CHARGES**

During the financial year the company recorded 17,145 euros in excess depreciation that is not tax-deductible.

In the 2006 financial year the company also incurred 424,653 euros in Directors attendance fees that are not tax deductible.

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

In December 2006, Flamel filed suit against Mr Gérard SOULA, its previous President and Chief Executive Officer, who was served with a writ in 2007.

We believe that Flamel has a very good chance of winning its case in connection with this dispute, and if that does not occur, we do not think that the consequences would have a significant impact on the company.

We also inform you that the CoregCR product was officially launched at the end of the first quarter of 2007.

**IX. ANTICIPATED DEVELOPMENTS FOR THE COMPANY — PROSPECTS**

The Board of Directors anticipates the following developments in 2007:

- the anticipated continuation and development of collaboration with GlaxoSmithKline following the launch of the CoregCR product.
- the anticipated continuation of use of the Micropump® and Medusa® technologies with other products, particularly within the framework of feasibility studies with pharmaceutical companies, as well as in internally-financed projects.
- the creation of new research and development partnerships in order to facilitate the marketing of various projects.
- A continuation of innovative scientific research in connection with possible extensions of the existing technological platforms.

The anticipated revenue and the present cash position will enable the company to finance its activity and its development in 2007.

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

**Micropump®**

A shift to commercial activity during the 2006 financial year on the basis of the research and development activities carried out in partnership with GSK since conclusion of the licensing contract in 2003.

Continuation of the formulation of our Trigger Lock technology, which makes it possible to reduce or eliminate misuse of opioids.

**Medusa®**

The work done on Basulin enabled Flamel to improve its formulation, and a phase I study should be scheduled for 2007.

The 2006 financial year brought the finalization and the public presentation of the phase I and II studies of Interferon alpha XL.

The 2006 financial year also saw finalization and the public presentation, at the ASCO conference in June, of the phase I and II studies of Interleukin 2 XL.

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

Pursuant to Article 148 of Rule No. 67-236 of 23 March 1967, you will find attached the table summarizing the company's earnings in each of the last five financial years.

(Cf. Appendix 1)

**XII. EMPLOYEES**

As of 31 December 2006, there were 302 employees.

**XIII. CAPITAL**

As of 31 December 2006, the company's capital stood at 2,925,755 euros, consisting of 23,990,590 shares. Some 99.42% of share the capital is listed on the Nasdaq in the form of ADS, through the Bank of New York.

**XIV. 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. (tenth resolution)

**XV. MANAGEMENT OF THE COMPANY AND HIS BOARD**

The duration of the term as a company director of Messrs Elie Vannier, Cor Boonstra, Frédéric Lemoine, Lodewijk J. R. de Vink, John L. Vogelstein and Stephen H. Willard expire at the end of the Ordinary SHAREHOLDERS' MEETING to which you are invited, so we propose to you to renew their terms 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 31 December 2007. (third, fourth, fifth, sixth, seventh and eight resolutions)

**XVI. DETERMINATION OF THE DIRECTORS' ATTENDANCE FEES**

In view of the directors' participation, the level of their responsibilities and the company's strong financial position, we propose to you that the amount of four hundred thousand (400,000) euros be assigned to the Board of Directors as annual attendance fees, the distribution and breakdown thereof to be decided by the Board of Directors. (ninth resolution)

We also propose that the directors be allowed to acquire, at the market price, a maximum of one hundred and fifty thousand (150,000) autonomous stock warrants (BSA). (thirteenth resolution)

**XVII. TOTAL COMPENSATION AND FRINGE BENEFITS OF ALL KINDS PAID TO EACH OF THE AUTHORIZED AGENTS BY THE COMPANY AND ITS SUBSIDIARIES DURING THE PAST FINANCIAL YEAR**

For the year 2006, Mr Elie Vannier, Chairman of the Board of Directors, received 70,000 euros in attendance fees and 25,000 autonomous stock warrants (BSA).

For the year 2006, Mr Stephen H Willard, Managing Director, received total compensation of 592,929 euros, including 546,895 euros paid by Flamel Technologies Inc as his salary and 46,034 euros in fringe benefits. He also received 100,000 stock options.



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

1. **Mr Elie Vannier, President (Chairman)**

Mr Vannier is also a director and Chairman of the Promod SA compensation committee as well as Managing Director of Grandvision SA and director or Vice President of several GrandVision SA subsidiaries.

2. **Mr Stephen H. Willard, Chief Executive Officer**

Mr Willard is also Chief Executive Officer of Flamel Technologies Inc and a Director, and non executive Vice Chairman, of ETRADE Financial, Corp.

3. **Mr Cor Boonstra, director**

Mr Boonstra is also a director of Hunter Douglas, Koop Holding and Breckenborg Holding.

4. **Mr Frédéric Lemoine, director**

Mr Frédéric Lemoine is also Chairman of the Supervisory Board of Areva, a director and Chairman of the audit committee of Groupama SA, a member of the Supervisory Board of Générale de Santé and Manager of Lemoine Conseil et Entreprises (LCE) SARL.

5. **Mr John L. Vogelstein, director**

Mr John L. Vogelstein is also a "Senior Advisor" and Vice President of Warburg Pincus LLC, a director of Mattel Inc, and a director of Journal Register Co.

6. **Mr Lodewijk J. R. de Vink, director**

Mr Lodewijk J. R. de Vink is also a director and a member of the audit, compensation and corporate governance committee of Alcon, a director and a member of the compensation committee of Roche, a director and a member of the European Board of Rothschild and a director and member of Sotheby's international advisory committee.

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

Our company now holds 100% of its Flamel Technologies Inc. subsidiary.

**XX. Employee shareholding, directly or by way of a company investment fund or savings plan**

As of 31 December 2006, the employees directly possessed 25,895 shares of the company, making 0.11% of the capital.

We remind you that on 12/12/2006, your Board of Directors decided to allocate 106,000 free shares to the company's employees, on the basis of a delegation of power that you granted on 24/10/2005. The conditions for allocating the said free shares provide for an acquisition duration of two years, at the end of which the employees will actually be the owners of the Flamel shares awarded to them subject to the existence of their employment contract on that

**- Translated from French -**

date. The allocated shares will then have to be kept for a new period of two years, following which they may be disposed of freely.

We propose to you to grant us a new delegation of power for purposes of implementing a new plan for allocation of free shares as well as a new stock option plan. You will find details concerning the plans in that report issued in that connection. (eleventh and twelfth resolutions)

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

The Board of Directors

- Translated from French -

APPENDIX 1

	12/2002	12/2003	12/2004	12/2005	12/2006
a) Capital social	1 975 44.34	2 608 783.07	2 652 688.41	2 891 118.68	2 925 755.11
b) Nombre des actions ordinaires existantes	16 197 590	21 391 590	21 751 590	23 706 590	23 990 590
c) Nombre des actions à dividende prioritaire existantes					
d) Nombre maximal d'actions futures à créer					
- par conversion d'obligations					
- par exercice de droits de souscription	2 535 000	4 415 000	4 758 500	3 465 000	4 013 250

**CAPITAL EN FIN D'EXERCICE**

a) Chiffre d'affaires hors-taxes	19 503 640.86	37 680 303.02	27 197 059.79	17 454 801.51	18 688 260.16
b) Résultat avant impot, participation des salariés, amortissements et provisions	4 070 438.96	13 826 400.73	-6 845 679.55	-17 533 232.12	-17 441 621.37
c) Impôts sur les bénéfices	-585 075.87	-144 583.00	-3 444 473.62	-3 371 868.76	-1 687 151.21
d) Participation des salariés due au titre de l'exercice					
e) Résultat après impot, participation des salariés, amortissements et provisions					
f) Montant des bénéfices distribués	3 429 405.22	12 800 853.77	-6 365 947.95	-20 705 494.41	-17 259 531.76

**OPERATIONS ET RESULTATS DE L'EXERCICE**

a) Résultat après impot et participation des salariés mais avant amortissements et provisions	0.29	0.67	-0.16	-0.60	-0.66
b) Résultat après impôt, participation des salariés, amortissements et provisions	0.21	0.60	-0.29	-0.87	-0.72
c) Dividende attribué à chaque action					

**RESULTATS PAR ACTION**

a) Effectif moyen des salariés pendant l'exercice	139	166	221	154	302
b) Montant de la masse salariale	5 441 633.23	6 449 859.79	8 202 298.68	10 168 449.22	11 368 518.68
c) Montant des sommes versées au titre des avantages sociaux (sécurité sociale, oeuvres sociales, etc...)	2 323 893.56	2 872 888.98	3 636 093.62	4 360 234.12	6 321 735.63

**PERSONNEL**

- Translated from French -

**APPENDIX 2**

**REPORT CONCERNING DELEGATIONS MADE TO THE BOARD**

<b>AUTHORIZATION GRANTED BY AN EXTRAORDINARY SHAREHOLDERS MEETING TO THE BOARD</b>		<b>IMPLEMENTATION BY THE BOARD</b>			
<b>Date</b>	<b>Nature</b>	<b>Date</b>	<b>Nature</b>	<b>Capital increase</b>	<b>Board approval</b>
10 May 1996	“Plan 96” stock options 1,000,000 securities Capital increase of €121,959	November 2006	20,000 options exercised	€ 2,439	28 March 2007
20 November 2000	“Plan 2000” stock options 1,000,000 securities Capital increase of €121.959	January 2006 February 2006 April 2006 June 2006 September 2006 October 2006 November 2006 December 2006	5,000 options exercised 10,000 options exercised 25,000 options exercised 2,500 options exercised 2,500 options exercised 45,000 options exercised 22,000 options exercised 10,000 options exercised	€ 610 € 1,220 € 3,049 € 305 € 305 € 5,488 € 2,683 € 1,220	28 March 2007 28 March 2007 28 March 2007 28 March 2007 28 March 2007 28 March 2007 28 March 2007 28 March 2007
19 December 2001	“Plan 2001” stock options 750,000 securities Capital increase of €91.469	February 2006 March 2006 November 2006 December 2006	35,000 options exercised 10,000 options exercised 30,000 options exercised 20,000 options exercised	€ 4,269 € 1,220 € 3,659 € 2,439	28 March 2007 28 March 2007 28 March 2007 28 March 2007
18 February 2003	“Plan 2003” stock options 1,000,000 securities Capital increase of €121.959	March 2006 October 2007	5,000 options exercised 5,000 options exercised	€ 610 € 610	28 March 2007 28 March 2007
7 November 2003	“Plan 2004” stock options 1,000,000 securities Capital increase of €121.960	February 2006	10,000 options exercised	€ 1,220	28 March 2007
4 March 2005	Issue of 40 000 warrants Capital increase of €4.878	June 2006 December 2006	2,000 warrants exercised 5,000 warrants exercised	€ 244 € 610	28 March 2007 28 March 2007
4 March 2005	“Plan 2005 stock options 1.500,000 securities Capital increase of €182.940	—	—	—	—
24 October 2005	Issue of 250,000 warrants Capital increase of €30,490	November 2006	20,000 warrants exercised	€ 2,439	28 March 2007
24 October 2005	200,000 free shares Capital increase of €24,392	—	—	—	—
12 June 2006	Issue of 150,000 warrants. Capital increase of €18,294	—	—	—	—

**FLAMEL TECHNOLOGIES**  
A *Société Anonyme* with a stated capital of 2,925,755 euros  
*Registered office:*  
Parc Club du Moulin à Vent  
33 avenue du Docteur Georges Lévy  
69693 VENISSIEUX – France

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**CHAIRMAN’S REPORT ON THE CONDITIONS FOR PREPARATION AND  
ORGANIZATION OF THE BOARD OF DIRECTORS AND THE INTERNAL  
CONTROL POLICIES**

**PRESENTED TO  
THE COMBINED SHAREHOLDERS MEETING  
HELD ON 15 MAY 2007**

Gentlemen

Please find below a description of the conditions regarding preparation and organization of the Board of Directors (the “Board”) (I) and the internal control procedures installed by the Company (II).

**I. Conditions regarding preparation and organization of the Board of Directors**

As of 31 December 2006, 99.42% of the Company’s share capital was deposited in the Bank of New York, the ADR relating thereto being held by the public on the American market. 0.58% of the share capital is held by various individuals, including 0.11% by the company’s employees.

The Board consists of 6 members, each appointed for one year.

The main characteristics expected in a Board member are (i) desire to develop thorough knowledge of the Company’s activity and strategy and take part in its development, (ii) judgement of the Company’s business environment, (iii) his ability to work with others, (iv) courage in expressing a contrary opinion, (v) sense of responsibility, (vi) and integrity.

**A. Conditions regarding preparation of the Board of Directors’ work**

The Board’s activities are directed by the Chairman of the Board.

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The Chairman of the Board:

- approves the documents prepared by the Company's internal departments;
- organizes and directs the Board's work;
- ensures that the directors are able to carry out their duties;
- ensures that they receive the information and documents needed for carrying out their duties; and
- ensures that the representatives of the Works Council are called on and that they receive all information and documents required for performance of their duties.

**B. Conditions regarding the organization of the Board of Directors' work**

The Chairman organizes the Board's activities. The Board meets at least once a year to close out the financial statements, and whenever necessary depending on developments in the Company's activity.

In 2006, the Board met 7 times in response to notices issued by the Chairman.

The attendance rate was 100% in 2006, except for three Board meetings where one member (a different one each time) was absent. All meetings of the Board of Directors were chaired by the Board Chairman.

The two representatives of the Works Council attended all of the Board meetings except for two at which only one was present.

The minutes concerning each Board meeting are submitted for approval by the Board members by the Chairman. The minutes are entered in the Company's register, after signature by the Chairman, one director and the secretary.

At the time of each Board meeting, the directors receive all documents required for performance of their duties. In the intervals between Board meetings, the directors regularly receive any significant information concerning the Company.

**II. Internal control procedures**

The Company has established committees and instituted procedures making it possible to audit compensation, preparation and certification of the financial statements, information for the public, and the ethics of the executives and financial senior managers of the Company. A project was instituted in 2005 to meet the obligations laid down under Article 404 of the Sarbanes Oxley Act, and at the end thereof, initially scheduled for late 2006. The company Flamel was in compliance with all provisions of the said law, even though the said expiration date was deferred solely for certification by the auditors to the 2007 financial year. The management certification will be incorporated without any exceptions into the documents filed with the SEC. The Audit Committee was kept informed of progress made in the project at each meeting by the CFO, who handled the project.

**A. Compensation Committee**

A Compensation Committee was appointed by the Board with the assignment of advising, recommending and monitoring the staff's optional profit-sharing plans and the plans for employee shareholding determined by the Board, and to help the Board meet its responsibilities relative to the compensation of (i) the Company's Managing Director ("DG"), (ii) the Assistant Managing Directors, if any, and (iii) the other Management executives (CFO and COO). The responsibilities granted or delegated to the Compensation Committee in the said Charter are granted in all cases subject to the powers reserved under French law to the Managing Director, the Board and the Shareholders' meeting. The Compensation Committee is authorized to request any required exception to the applicable US financial laws and regulations, and the NASD rules and regulations, as seems proper to it in the light of the foregoing. Insofar as is required by the applicable US financial laws and regulations and the NASD rules and regulations, any exception as well as any lack of compliance will be reported once a year in the Company's annual report (form 20-F).

The rules governing this Committee were reviewed and approved by the Compensation Committee meeting held in 2006.

**B. Audit Committee**

The Audit Committee is appointed by the Board to handle, on the basis of a delegation from the President and Chief Executive Officer, as required under French law, the designation, compensation and supervision of the work done by any accounting firm used by the Company, with the exception of the auditors, and to help the Board in its supervision of the following: (1) the integrity of the Company's annual financial statements; (2) the adequacy of the Company's internal control system; (3) the Company's compliance with legal and regulatory standards; (4) the auditors' qualifications and independence; and (5) execution by the external and internal accounting departments employed by the Company of their functions. On the basis of a special delegation issued by the Chief Executive Officer, as required under French law, the Audit Committee will hold authority for hiring, and to obtain assistance and advice from them, outside advisors in the legal, accounting or other domains, and the Company will provide the corresponding funds required pursuant to a decision by the Audit Committee. The responsibilities granted or delegated to the Audit Committee in the said Charter are granted in all cases subject to the powers reserved under French law to the Managing Director, the Chairman of the Board of Directors, the Board and the Shareholders' meeting. The Audit Committee is authorized to request any required exception to the applicable US financial laws and regulations, and the NASD rules and regulations, as seems proper to it in the light of the foregoing. Insofar as is required by the applicable American financial laws and regulations and NASD rules and regulations, any exception as well as any lack of compliance will be reported once a year in the Company's annual report (form 20-F).

The said Committee's rules and regulations were reviewed and approved in 2006.

### **C. Procedure regarding Advance Approval of the Auditor's Services**

The Audit Committee has established rules concerning the appointment of the Company's Auditor for supplying the Company with services. These rules are valid for the auditing services as well as for other services. The said rules were reviewed in 2006 and are established as follows:

For the auditing services (including the commitments regarding statutory auditing imposed by local law in the country), the auditor must supply the Audit Committee with a commitment letter during the financial year summing up the scope of the auditing services that it plans to perform during the financial year. The said letter, including the budget, must be accepted by the Audit Committee. All other auditing services are also approved in advance pursuant to a procedure established by the Audit Committee.

For services other than those relating to control and auditing, the Company's general management, prior to a commitment, must submit, for the approval of the Audit Committee, the list of the other services that it advises the Audit Committee to request the Auditors to supply during the financial year. The said advance approval procedure as for the auditing services has been instituted. The Company's general management and the Auditor must each provide the Audit Committee with confirmation that each service appearing in the said list is allowed under all of the applicable legal standards. A list of the prohibited services was established and approved by the Audit Committee in 2005, and remains valid for the 2006 financial year.

### **D. Alert procedures in connection with doubtful accounting and auditing practices**

The Audit Committee of the Company's Board of Directors has installed procedures to facilitate alerts by the employees concerning any information relative to doubtful accounting or auditing practices.

The said procedures include the alert means available to the employees for reporting doubtful accounting practices, consideration of such alerts and the inquiry to be conducted, if any, in that connection. The said procedures were reviewed in 2006 and are established in accordance with the CNIL recommendations.

### **E. Disclosure Committee**

The Disclosure Committee helps the Managing Director and the Chief Financial Officer or similar persons (the "Senior Executives") meet their responsibility to supervise the accuracy and observance of the deadlines concerning the information supplied by the Company, by handling the following tasks:

- Design and establish checks and other procedures within the Company in order to ensure that the information which the Company must supply in the report that it files or submits in connection with the *Securities Exchange Act* of 1934 are recorded, handled, summed up and presented within the periods laid down in the rules and the forms, and that the said



**- Translated from French -**

information is collected and communicated to management, including to the Senior Executives, in such a way as to make appropriate decisions possible in connection with the information obligation (“**Information Checks**”).

- Monitor the integrity and effectiveness of the Company’s Information Checks
- Examine and direct preparation of the Company’s annual report in form 20-F, the quarterly reports in form 6-K, any modifications made therein, and any other report or public information that the Board of Directors or the Audit Committee asks the Committee to consider and direct.
- Evaluate the effectiveness of the Information Checks at the end of the period concerned by the Company’s annual report in form 20-F and each quarterly report in form 6-K (collectively the “**period reports**”).
- Discuss, with the Senior Executives, any relevant information concerning the Committee’s work, preparation of the information reports, and evaluation of the effectiveness of the Company’s Information Checks by the Committee.
- Supply an attestation to Senior Executives prior to the filing with the SEC of each periodic report relative to (i) the Committee’s compliance with its rules and procedures and the proper performance of the responsibilities assigned to it, and (ii) the conclusions of the Committee resulting from its evaluation of the effectiveness of the Information Checks.

**F. Code of Ethics for the Managing Director, the Assistant Managing Directors and the executives of the Financial Department**

The Company has rules of conduct at work that apply to all of the Company’s senior managers, employees and executives. The Managing Director, the Chief Financial Officer, the Chief Accounting Officer or Controller or persons performing similar duties (collectively the “financial department executives”) are bound by the provisions listed therein and which relate to moral conduct, conflicts of interest and compliance with law.

Elie Vannier  
Chairman of the Board of Directors

- Translated from French -

**FLAMEL TECHNOLOGIES**  
Société Anonyme with capital of 2 925 755 euros  
Registered office:  
Parc Club du Moulin à Vent  
33, avenue du Docteur Georges Lévy  
69693 VENISSIEUX (France)  
LYON Trade and Companies Register No. 379 001 530

**REPORT BY THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS'  
MEETING HELD ON 15 MAY 2007**

Ladies and Gentlemen:

We have called you to meet in the form of a SHAREHOLDERS' MEETING in order to submit the following questions to you for your approval as extraordinary matters:

1. a project for installation of a new stock option plan bearing on five hundred thousand (500,000) shares,
2. a project for installation of a new plan for a free allocation of shares bearing on two hundred thousand (200,000) shares,
3. a project for issue of a total of one hundred and fifty thousand (150,000) securities offering access to the capital, taking the form of autonomous stock warrants (BSA) reserved for the company's directors who are neither authorized agents nor employees of the company, but including the Chairman of the Board of Directors,
4. a project for a capital increase reserved for the employees.

Before informing you of the details about these operations, we would like to remind you that the 2006 financial year, thanks to the extraordinary work done by the Flamel teams, made it possible in particular to obtain the marketing authorization, granted by the FDA to our GlaxoSmithKline partner, for the CoregCR product.

You will find all information relative to the events and to the figures for the financial year ending on 31/12/2006 in your Board's management report.

**1. Project for installation of a new stock option plan bearing on five hundred thousand (500 000) shares (Eleventh 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 Code of Commerce, 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 five hundred thousand (500,000) options granting a right to subscription to the Company's shares to be issued as a capital increase of the Company.

**- Translated from French -**

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, 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 could be valued by the Board of Directors in accordance with the trading 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, but only condition that the 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.

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,

**- Translated from French -**

- 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 500,000 shares with a par value of about 0.12196 euros, and hence to increase the capital by a maximum nominal amount of 60,980 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.

**2. A project 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) (Twelfth resolution)**

We propose that you should 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.

The number of shares that could be allocated free by the Board under the present delegation could not exceed 10% of the share capital existing on the day of the first allocation.

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

The allocation of the shares to the 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

- Translated from French -

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 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 for 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.

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. Project for issue of a total of one hundred and fifty thousand (150 000) Autonomous Stock warrants (BSA) reserved for the category of persons consisting of the company's directors who are neither authorized agents nor employees of the company, but including the Chairman of the Board of Directors (Thirteenth resolution)**

During the present meeting, we will put a proposal to you for renewing the mandates of Messrs. Elie Vannier (Chairman of the Board of Directors), Cor Boonstra, Frédéric Lemoine, John L. Vogelstein, Stephen H Willard and Lodewijk J. R. De Vink.

The Company believes the profit-sharing in the form of shares is the most effective way of having the interests of the directors and of the employees converge, and of keeping key staff.

Hence, and in the light of their important contribution to Company management, we propose to you to authorize issue of a maximum of one hundred and fifty thousand (150,000) stock warrants (BSA) in the same form as the ones used previously to interest the directors.

In order to give the Board the greatest possible flexibility, we propose that you authorize the Board to use the said authorization for a period of eighteen months, and to delegate the powers to the Board for determining the beneficiaries of the stock warrants (BSA) and the subscription price of the said stock warrants (BSA) in the light of their fair value.

**- Translated from French -**

This decision to issue stock warrants (BSA) presupposes, if you decide to adopt it, elimination of the shareholders' preferential application rights to the stock warrants (BSA), in order to reserve subscription thereto for their beneficiaries.

We inform you that with respect to the said one hundred and fifty thousand (150,000) stock warrants (BSA), you will have to suppress the shareholders' preferential application right appearing in Article L. 225-132 of the Code of Commerce, and reserve applications for a category of persons consisting of the Company's directors who are neither authorized agents nor Company employees, but including the Chairman of the Board of Directors.

We propose to you that you authorize the Board of Directors to issue a maximum of one hundred and fifty thousand (150,000) stock warrants (BSA) for a subscription price having to be paid up in full at the time of subscription by cash payments, and set by the Board of Directors on the basis of a valuation made by an independent expert. The said valuation shall have to correspond to the fair value of the stock warrants (BSA), and in particular shall include the subscription price of the shares as determined by the Board of Directors in accordance with the provisions in the following paragraph.

We propose to you to decide that an stock warrant (BSA) shall give its holder, subject to the terms and conditions defined below and by the decision of the Board of Directors relative to the issue of the stock warrants (BSA), the right to subscribe to one (1) Company share, at a subscription price to be determined by the Board of Directors with reference to the trading price of the share, in the form of ADS, on the NASDAQ, at the close of that market on the day preceding the decision by the Board of Directors relative to the issue of the stock warrants, but only as long as the said price is no less than 80% of the average trading prices of the share on the NASDAQ, in the form of ADS, during the last twenty trading sessions prior to the said decision; in that case, the price of the share shall have to be equal to 80% of the average trading prices of the share on the NASDAQ, in the form of ADS, during the last twenty sessions preceding the decision by the Board of Directors relative to issue of the stock warrants.

We propose that you decide that each stock warrant (BSA) may be exercised by its holder subject to the terms and conditions defined below and decided on by a decision made by the Board on the occasion of the issue of the stock warrants (BSA), and at the latest within five (5) years following their issue, and only as long as the said holder is a member of the Board of Directors on the day of the said exercise.

We propose that you decide that starting with the time of issue of the stock warrants (BSA), the Company shall be entitled to do the following:

- modify its form,
- modify its business purpose,
- modify the rules regarding the distribution of its profits, redeem its capital, subject to taking the steps required for maintaining the rights of the holders of the stock warrants (BSA) under the conditions laid down in Article L. 228-99 of the Code commerce,
- create preferred shares, subject to taking the steps required for maintaining the rights of the holders of the stock warrants (BSA) under the conditions laid down in Article L. 228-99 of the Code of Commerce.

We propose that you decide that if the Company decides to issue securities including a preferential application right for the shareholders, to increase its capital by incorporation of reserves, profits or premiums on shares, or to distributes reserves in cash or in portfolio securities, or decides to modify the distribution of its profits by issuing preferred shares, the Company shall take the required steps for maintaining the rights of the holders of stock warrants (BSA) under the conditions defined in Article L. 228-99 of the Code of Commerce.

**- Translated from French -**

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 stock warrants (BSA) 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 that you take note, pursuant to the provisions of Article L. 228-103 et seq. of the Code of Commerce, that the holders of the stock warrants (BSA) are grouped by right, for defence of their common interests, into a whole enjoying legal personality. The general meetings of the holders of the stock warrants (BSA) are called to authorize any modification of the issue contract and to rule on any decision affecting the conditions regarding subscription to or allocation of capital securities determined at the time of the issue. Each stock warrants (BSA) creates a right to one vote. The quorum and majority conditions are the ones established in the second and third paragraphs of Article L. 225-96 of the Code of Commerce. The meeting expenses as well as, in a general way, all expenses relating to the functioning of the whole are for the Company's account.

We propose that you decide on issue of a maximum number of 150,000 Company shares with a par value of 0.12196 euros each, to which exercise of the stock warrants (BSA) issued will create a right, namely a capital increase in a maximum nominal amount of 18,294 euros, to which one must add, if the case arises, a number of additional shares to be issued to safeguard the rights of the holders of the stock warrants (BSA) under the conditions defined in Article L. 228-99 of the Code of Commerce.

We propose that you decide that the new shares delivered to the subscriber at the time of exercise of its stock warrants (BSA) shall be subject to all of the provisions of the Articles of incorporation, and shall bear dividend rights as of the time of their issue.

We propose that you set the duration of validity of the present authorization at eighteen (18) months, starting with the date of the present meeting.

We propose that you take note, pursuant to the provisions of Article L. 225-138 of the Code of Commerce, of the fact that the issue of the stock warrants (BSA) shall have to be carried out within a period of eighteen (18) months, starting with the date of the present meeting

Finally, we propose that you decide to grant full powers to the Board of Directors to implement the present authorization, pursuant to the provisions and within the limits to be laid down in your resolution, and in particular for the following purposes:

- issue the stock warrants (BSA) and determine their subscription price,
- close out the list of the beneficiaries within the defined category of persons,
- determine the subscription price of the shares to be issued upon exercise of the stock warrants (BSA), subject to the terms and conditions laid down in your (?) resolution, the opening and closing dates of the subscriptions, and the definitive conditions of the said issue, and enter the premium on shares, if any,
- order early closing of the subscription or extend it, depending on the case,
- gather the subscriptions to the stock warrants (BSA) and the payments relating thereto,
- record the number of shares issued due to exercise of the stock warrants (BSA), carry out the formalities resulting from the corresponding capital increases and make the related modifications of the Articles of incorporation,
- 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

**- Translated from French -**

in a general way, take all steps and carry out all formalities that are useful in connection with the present issue.

**4. Proposal to authorize the Board to increase the share capital by issue of shares reserved for the employees (fourteenth resolution)**

Pursuant to the provisions of Article L. 225-126-6 of the Code of Commerce and of Article L. 443-5 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. 443-5 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.

As a result of the operations 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 (fourteenth resolution).

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 for increase in 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. 443-5 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. Hence we invite you to vote **against** this resolution.

**Powers for formalities (fifteenth resolution)**

The fifteenth 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 the tenth resolutions), 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 (eleventh to the fifteenth resolutions), we advise the shareholders to **vote in favour of the eleventh, twelfth and thirteenth resolutions,** and to **vote against the fourteenth resolution.**

The Board of Directors



**IMPORTANT :** avant d'exercer votre choix, veuillez lire attentivement les 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 / I wish to attend the shareholders' meeting and request an admission card - date and sign at the bottom of the form.  
 B. J'attire le formulaire de vote par correspondance ou par procuration et/ou le formulaire de mandat / I prefer to use the postal voting form or the proxy form or specific ballot.

**FLAMEL TECHNOLOGIES**  
 Société Anonyme au capital de 2.925.755 €  
 Siège social : Parc Club du Moulin à Vent  
 33, avenue du Docteur Georges Lavi  
 92010 NANTERRE Cedex  
 379 001 550 R.C.S. LYON

**ASSEMBLEE GENERALE MIXTE ORDINAIRE ET EXTRAORDINAIRE**  
 du 15 mai 2007 (à 10 heures au siège social) sur convocation en date du 22 mai 2007 sur deuxième convocation

**COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING**  
 of May 15th, 2007 (at 10:00 am at the registered office) / or May 22nd, 2007 (2<sup>nd</sup> calling)

CAHIER RESERVE / For Company's use only  
 Identifiant / Account  
 Nombre d'actions / Number of shares  
 Nombre de voix / Number of voting rights :

**JEVote PAR CORRESPONDANCE / I VOTE BY POST**  
 Cf. au verso reverse (3) - See reverse (3)

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 précisant comme suit : ■ in case corresponding to the vote NON or 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.

1	2	3	4	5	6
0	0	0	0	0	0
7	8	9	10		
0	0	0	0	0	0
11	12	13	14	15	
0	0	0	0	0	

Sur les projets de résolutions non assortis ou non agréés par le Conseil d'administration, je vote en précisant comme suit : ■ In case corresponding to the vote NON or je m'abstiens  
 On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■.

**JE DONNE POUVOIR AU PRESIDENT DE L'ASSEMBLEE GENERALE**  
 Date et signer au bas du formulaire sans rien compléter  
 I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING.  
 Do not sign the bottom of the form without completing it  
 Cf. au verso reverse (2) - See reverse (2)

M. Mlle ou Mlle / Mr., Mrs. or Miss : \_\_\_\_\_  
 Adresse / Address : \_\_\_\_\_

**JE DONNE POUVOIR AU PRESIDENT DE L'ASSEMBLEE GENERALE**  
 Date et signer au bas du formulaire sans rien compléter  
 I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING.  
 Do not sign the bottom of the form without completing it  
 Cf. au verso reverse (2) - See reverse (2)

Non, 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 reverse (1) - See reverse (1)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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 ..... 0

- Je m'abstiens (l'abstention équivaut à un vote blanc) / I abstain from voting (is equivalent to a vote against) ..... 0

- Je donne procuration (cf. au verso reverse (2)) à M. Mlle ou Mlle ..... 0 pour voter en mon nom / I appoint (see reverse (2)) Mr., Mrs. or Miss / to vote on my behalf ..... 0

Nombre d'actions / Number of shares : 14  
 Oui / Yes : 0  
 Non / No : 0

Date et signature : \_\_\_\_\_

Sur 2<sup>ème</sup> convocation / on 2<sup>nd</sup> notification AGO. AGEL  
 /ordinary meeting / extraordinary meeting

12 mai 2007 / May 12, 2007

19 mai 2007 / May 19, 2007

Sur 1<sup>ère</sup> convocation / on 1<sup>st</sup> notification AGO. AGEL / ordinary meeting / extraordinary meeting

A la SOCIETE / to the Company

## 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

(1) Le signataire est prié d'inscrire très exactement, dans la zone réservée à cet effet, ses nom (en majuscules d'imprimerie), prénom 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 qualité du signataire.  
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. 131-3-§3 du décret du 23 mars 1967).

#### VOTE PAR CORRESPONDANCE

##### (3) Art. L. 225-107 du Code de Commerce (extrait) :

« Tout actionnaire peut voter par correspondance, au moyen d'un formulaire dont les mentions sont fixées par décret. Les dispositions contraires des statuts sont réputées 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 délais fixés par décret. Les formulaires ne donnant aucun sens de vote ou exprimant une abstention sont considérés comme des votes négatifs. »

Si vous désirez voter par correspondance, vous devez obligatoirement cocher la case JE VOTE PAR CORRESPONDANCE au recto.

Dans ce cas, il vous est demandé :

##### **Pour les projets de résolutions proposées ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance :**

-- soit de voter « oui » pour l'ensemble des résolutions en ne noircissant aucune case,  
-- soit de voter « non » ou de vous « abstenir » (ce qui équivaut à voter « non ») sur certaines ou sur toutes les résolutions en noircissant individuellement les cases correspondantes.

##### **Pour les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance :**

-- de voter résolution par résolution en noircissant 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 noircissant la case correspondante à votre choix.

(\* Le texte des résolutions figure dans le dossier de convocation joint au présent formulaire (art D 133) : ne pas utiliser à la fois « JE VOTE PAR CORRESPONDANCE » et « JE DONNE POUVOIR A » (art D 133-8). La langue française fait foi.

#### POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE OU POUVOIR A UNE PERSONNE DÉNOMMÉE

##### (2) Art. L. 225-106 du Code de Commerce (extrait) :

« Un actionnaire peut se faire représenter par un autre actionnaire ou par son conjoint. »

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 Directoire, 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 ordinaire doit nommer au Conseil d'Administration ou au Conseil de surveillance, selon le cas, un ou des salariés actionnaires ou membres des Conseils de surveillance des fonds communs de placement d'entreprise détenant des actions de la société. Les clauses contraires aux dispositions des aînées précédents 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 Directoire, selon le cas, et un vote défavorable à l'adoption de tous les autres projets de résolution. Pour émettre tout autre vote, l'actionnaire doit faire choix d'un mandataire qui accepte de voter dans le sens indiqué par le mandant.**

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

(1) The shareholder should write his exact 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. 131-3-§3 of March 23, 1967 Decree).

#### POSTAL VOTING FORM

(3) 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 methods are 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 non voting directions or indicating abstention are deemed to vote against.

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 event, 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" (*which is 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 boxes,  
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.

#### PROXY TO THE CHAIRMAN OF THE MEETING OR PROXY TO ANOTHER SHAREHOLDER

(2) Art L. 225-106 of Code de Commerce (extract): "A shareholder can have himself/herself represented by another shareholder or by his/her spouse."

Any shareholder can receive proxies issued by the other shareholders to have themselves represented at a meeting, without any other limitations other than those laid down by the law or by the articles of association fixing the maximum number of votes to which a person is entitled both in his/her own name or a proxy. Before each shareholders' meeting, the Chairman of the Board of Directors or the Executive Board may consult the shareholders listed in article L. 225-102 in order to allow them to designate one or several proxies to represent them at the shareholders' meeting in accordance with this article. Such consultation is obligatory when the articles of association, having been modified pursuant to articles L. 225-23 or L. 225-71, require the shareholders' ordinary meeting to appoint to the Board of Directors or the Executive Board, one or more shareholder employees or members of the Executive Board of a pension fund holding shares in the company. The clauses in contradiction with the provisions of the foregoing paragraphs are deemed to be invalid.

**When proxies do not indicate the name of the appointed proxy, the chairman of the meeting will vote the proxy in favor of the adoption of the draft resolutions presented or approved by the Board of Directors or the Executive Board, and will vote the proxy against the adoption of all the other draft resolutions. To give any other vote, the shareholder must choose a proxy who accepts to vote as he/she indicates.**

(\* The text of the resolutions are in the notification of the meeting which is sent with this proxy (art D 133) : please do not use both « I VOTE BY POST » and « I HEREBY APPOINT » (art D 133-8). 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.

### Instructions to The Bank of New York, as Depositary (Must be received prior to 5:00 p.m. on May 8, 2007)

The undersigned registered owner of American Depositary Shares hereby requests and instructs The Bank of New York, 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 April 5, 2007 at the Combined Shareholders Meeting of Flamel Technologies S.A. to be held on May 15, 2007 in respect of the resolutions specified on the reverse.

**NOTE:**

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

To change your address, please mark this box.

To include any comments, please mark this box.

Please complete and date this proxy on the reverse side and return it promptly in the accompanying envelope.

**DOCUMENT AND INFORMATION REQUEST FORM**

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 2.925.755 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 at Section 135 of Decree n°67-236 dated March 23, 1967 and relating to the combined ordinary and extraordinary meeting of the shareholders of the Company to be held at the registered office on May 15th at 10 a.m., be addressed to me at \_\_\_\_\_.

In my capacity of owner of registered shares, I hereby also request in accordance with Article 138 of the above-mentioned Decree that a proxy form together with the documents and information set forth at Articles 133 and 135 of the above-mentioned Decree 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*