

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

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 4)*

FLAMEL TECHNOLOGIES S.A.
(Name of Issuer)

ORDINARY SHARES, NOMINAL VALUE (EURO)0.122 PER SHARE
(Title of Class of Securities)

ISIN NO. FR0004018711 (ORDINARY SHARES)

CUSIP 338488109 (ADSS)
(CUSIP Number)(1)

OSCAR S. SCHAFER
O.S.S. CAPITAL MANAGEMENT LP
598 MADISON AVENUE
NEW YORK, NY 10022
(212) 756-8700

(Name, Address and Telephone Number of Person
Authorized to Receive Notices of Communication)

MAY 13, 2005
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of ss.ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

(1) The Ordinary Shares have no CUSIP number. The ISIN number for the Ordinary Shares is FR0004018711. The CUSIP number for the ADSs is 338488109.

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 2 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
O.S.S. Capital Management LP

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
2,665,947

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
2,665,947

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,665,947

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.3%

14 TYPE OF REPORTING PERSON*
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 3 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
Oscar S. Schafer & Partners I LP

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
124,070

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
124,070

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
124,070

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.6%

14 TYPE OF REPORTING PERSON*
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 4 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
Oscar S. Schafer & Partners II LP

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
1,239,507

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
1,239,507

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,239,507

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.7%

14 TYPE OF REPORTING PERSON*
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 5 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
O.S.S. Overseas Fund Ltd

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Cayman Islands

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
1,302,370

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
1,302,370

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,302,370

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
6.0%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 6 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
O.S.S. Advisors LLC

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
1,363,577

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
1,363,577

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,363,577

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
6.3%

14 TYPE OF REPORTING PERSON*
00

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 7 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
Schafer Brothers LLC

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
2,665,947

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
2,665,947

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,665,947

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.3%

14 TYPE OF REPORTING PERSON*
00

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 338488109
ISIN No. FR0004018711

13D

(PAGE 8 OF 12 PAGES)

1 NAME OF REPORTING PERSONS
Oscar S. Schafer

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware, USA

NUMBER OF SHARES 7 SOLE VOTING POWER
0

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
2,665,947

EACH REPORTING 9 SOLE DISPOSITIVE POWER
0

PERSON WITH 10 SHARED DISPOSITIVE POWER
2,665,947

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,665,947

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.3%

14 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

EXPLANATORY NOTE

This Amendment No. 4 to Schedule 13D ("Amendment No. 4") is being filed on behalf of Oscar S. Schafer & Partners I LP, a Delaware limited partnership ("OSS I LP"), Oscar S. Schafer & Partners II LP, a Delaware limited partnership ("OSS II LP" and together with OSS I LP, the "Limited Partnerships"), O.S.S. Advisors LLC, a Delaware limited liability company (the "General Partner"), O.S.S. Overseas Fund Ltd., a Cayman Islands exempted company ("OSS Overseas"), O.S.S. Capital Management LP, a Delaware limited partnership, (the "Investment Manager"), Schafer Brothers LLC, a Delaware limited liability company ("SB LLC"), and Mr. Oscar S. Schafer ("Mr. Schafer", and together with the Limited Partnerships, the General Partner, OSS Overseas, the Investment Manager and SB LLC, the "Reporting Persons"), who serves as the senior managing member of the General Partner and SB LLC. This Amendment No. 4 relates to the ordinary shares, nominal value (euro)0.122 per share ("Ordinary Shares"), of Flamel Technologies S.A., a SOCIETE ANONYME organized under the laws of the Republic of France (the "Issuer"), and amends the Schedule 13D filed with the United States Securities and Exchange Commission (the "SEC") on April 18, 2005, as amended by Amendment No. 1, filed with the SEC on April 29, 2005, Amendment No. 2, filed with the SEC on May 11, 2005, and Amendment No. 3, filed with the SEC on May 12, 2005 (as so amended, the "Original Schedule 13D"). Capitalized terms used in this Amendment No. 4 but not otherwise defined herein shall have the meanings ascribed to them in the Original Schedule 13D. Except as amended hereby the Original Schedule 13D remains in effect.

ITEM 4. PURPOSE OF TRANSACTION

Item 4 of the Original Schedule 13D is amended and supplemented by adding between the sixth and the seventh paragraph thereof, the following text:

On May 13, 2005, Mr. Schafer sent a letter (the "Demand Letter") to Gerard Soula, Chairman and Chief Executive Officer of Flamel, requiring, pursuant to Art. L. 225-105 of the French Commercial Code (CODE DE COMMERCE), Flamel to include on the agenda of the 2005 AGM certain draft resolutions proposed by the Limited Partnerships and OSS Overseas, acting in concert as registered holders of more than 5% of the share capital of Flamel. Those draft resolutions (the "OSS Resolutions") propose: (1) the removal of any director who may have been elected to a one-year term (including any existing director who may have been re-elected to a further one-year term) as a result of the passage of any resolution proposed and supported by the Board of Directors of Flamel at the 2005 AGM; and (2) the election of the following three candidates to one-year terms as director: Cornelis ("Cor") Boonstra; Randy H. Thurman; and Elie Vannier. The Demand Letter and the OSS Resolutions are included as Exhibits 4 and 5, respectively, to this Amendment No. 4 and are each incorporated herein by reference. The Demand Letter also attached certain biographical information on the proposed candidates for director, which information is included as Exhibit 6 to this Amendment No. 3 and incorporated herein by reference. Pursuant to paragraph 3 of Art. 135 of DECRET NO. 67-236, dated March 23, 1967, the Demand Letter also attached the reasons (L'EXPOSE DES MOTIFS) for the proposed resolutions, which reasons are included as Exhibit 7 to this Amendment No. 3 and incorporated herein by reference.

In addition to exercising the right of the Limited Partnerships and OSS Overseas as

collective holders of more than 5% of the share capital to require Flamel to include their resolutions on the agenda for the 2005 AGM, the Demand Letter also requested that Flamel confirm that it has informed the Bank of New York, pursuant to Flamel's obligation under Section 4.7 of the Deposit Agreement, that "substantial opposition" exists to any resolution proposed by Flamel for the re-election of Flamel's incumbent directors. As more fully set forth in the Demand Letter, the result of Flamel informing the Bank of New York that such substantial opposition exists will be that the Bank of New York will no longer be obligated to vote all Ordinary Shares underlying ADSs, with respect to which it has received no voting instructions, in favor of any resolution proposed by Flamel and against any resolution proposed by any other shareholder. Accordingly, pursuant to Section 4.7 of the Deposit Agreement, at the 2005 AGM, the Bank of New York shall not vote any Ordinary Shares other than those Ordinary Shares represented by ADSs with respect to which the Bank of New York has received the actual voting instructions of the holder and the Bank of New York shall vote those Ordinary Shares only in accordance with such actual voting instructions.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Item 7 of the Original Schedule 13D is amended and restated in its entirety to read as follows:

The following are filed as exhibits to this statement on Schedule 13D:

- Exhibit 1 Joint Filing Agreement (previously filed with the Original Schedule 13D on April 18, 2005).
- Exhibit 2 Notice of Ownership of More than 5% of Share Capital and Voting Rights Delivered to the Issuer pursuant to Article L. 233-7 of the French Commercial Code (CODE DE COMMERCE) (previously filed with Amendment No. 1 to Schedule 13D on April 29, 2005).
- Exhibit 3 Notice of Ownership of More than 10% of Share Capital and Voting Rights Delivered to the Issuer pursuant to Article L. 233-7 of the French Commercial Code (CODE DE COMMERCE) (previously filed with Amendment No. 2 to Schedule 13D on May 11, 2005).
- Exhibit 4 Letter to Gerard Soula, PRESIDENT ET DIRECTEUR GENERAL of Flamel Technologies S.A. Requiring Inclusion of Draft Resolutions on Agenda for 2005 Annual General Meeting pursuant to Article L. 225-105 of the French Commercial Code (CODE DE COMMERCE).
- Exhibit 5 Text of Draft Resolutions to be Proposed at Annual General Meeting of Shareholders of Flamel Technologies S.A.
- Exhibit 6 Biographical Information on Nominees for Directors.
- Exhibit 7 Reasons (L'EXPOSE DES MOTIFS) for the Proposed Resolutions.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: May 13, 2005

/s/ Oscar S. Schafer

Oscar S. Schafer, individually

O.S.S. CAPITAL MANAGEMENT LP

By: Schafer Brothers LLC
as General Partner

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Senior Managing Member

OSCAR S. SCHAFFER & PARTNERS I LLP

By: O.S.S. Advisors LLC
as General Partner

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Senior Managing Member

OSCAR S. SCHAFFER & PARTNERS II LLP

By: O.S.S. Advisors LLC
as General Partner

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Senior Managing Member

O.S.S. OVERSEAS FUND LTD

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Director

O.S.S. ADVISORS LLC

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Senior Managing Member

SCHAFFER BROTHERS LLC

By: /s/ Oscar S. Schafer

Name: Oscar S. Schafer
Title: Senior Managing Member

[Letterhead of O.S.S. Capital Management LP]

May 13, 2005

BY FACSIMILE AND FEDERAL EXPRESS

Gerard Soula
 President, Directeur General
 Flamel Technologies S.A.
 Parc Club du Moulin a Vent
 33 avenue du Dr. Georges Levy
 69693 Venissieux cedex France

Re: Draft Resolutions to Be Included on Agenda for Flamel's 2005 Annual General Meeting pursuant to Article L. 225-105 of the French Commercial Code (CODE DE COMMERCE).

Monsieur le President:

I am writing on behalf of Oscar S. Schafer & Partners I LP, Oscar S. Schafer & Partners II LP and O.S.S. Overseas Fund Ltd (collectively, the "OSS Shareholders") which acting DE CONCERT, within the meaning of Art. L. 233-10 of the French Commercial Code (CODE DE COMMERCE), in aggregate directly own 2,065,947 ordinary shares, nominal value (euro)0.122 per share ("Ordinary Shares"), of Flamel Technologies S.A. ("Flamel"). As set forth in the attached certificates of holdings (ATTESTATIONS D'INSCRIPTION EN COMPTE) issued by eEf (euro emetteurs finance), the OSS Shareholders currently hold these 2,065,947 Ordinary Shares in pure registered form (TITRES NOMINATIFS PURS). These 2,065,947 Ordinary Shares represent approximately 9.5% of the outstanding share capital and voting power of Flamel (based on the 21,651,590 Ordinary Shares outstanding as September 30, 2004, as reported by the Issuer in its unaudited consolidated financial statements for the nine months then ended, as filed with the United States Securities and Exchange Commission (the "SEC") on the Issuer's Form 6-K dated December 30, 2004). In addition, the OSS Shareholders beneficially own a further 600,000 Ordinary Shares in the form of American Depositary Receipts ("ADSs") issued under the Deposit Agreement, dated as of June 6, 1996, as amended and restated as of August 10, 2001, among Flamel, the Bank of New York, as depositary, and the holders of the ADSs issued thereunder (the "Deposit Agreement"). Taking these ADSs into account, the OSS Shareholders acting DE CONCERT beneficially own 2,665,947 Ordinary Shares, representing approximately 12.3% of the outstanding share capital and voting power of Flamel. I believe that this makes the OSS Shareholders acting DE CONCERT the largest shareholder of Flamel, based on the Schedule 13D filed with the SEC on April 20, 2005 by BVF Inc. and its affiliates, the next largest shareholder of Flamel, which reported beneficial ownership of 2,591,142 Ordinary Shares in the form of ADSs.

On behalf of your largest shareholders, I am writing to express deep concern about the current direction and performance of Flamel and the decline in the stock price of the

ADS, which had fallen approximately 66% between September 2003 and April 2005. On September 19, 2003, the closing price of the ADS was \$42.85; on April 15, 2005, the last trading day before the OSS Shareholders and their affiliates filed a statement on Schedule 13D announcing that they were examining what actions they might take in advance of the 2005 AGM, the closing price of the ADS had fallen to only \$14.25.

The OSS Shareholders originally acquired their ADSs for investment purposes in the ordinary course of their business. However, in light of the poor performance of Flamel and the stock price of the ADS, as further set out in the attached reasons for their draft resolutions (L'EXPOSE DES MOTIFS), the OSS Shareholders believe that the time has now come to replace the existing board of directors with new directors, whom the OSS Shareholders believe can provide the strategic direction, and can help guide the Flamel management team, to realize the long-term value of Flamel for its shareholders.

- A. PROPOSAL OF DRAFT SHAREHOLDER RESOLUTIONS, PURSUANT TO ART. L. 225-105 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

Accordingly, pursuant to Art. L. 225-105 of the French Commercial Code

(CODE DE COMMERCE), the OSS Shareholders, acting DE CONCERT, as registered shareholders of more than 5% of the share capital of Flamel, hereby require Flamel to include the attached draft resolutions on the agenda of the forthcoming annual general meeting of Flamel shareholders (the "2005 AGM"). The OSS Shareholders' draft resolutions propose: (1) the removal of any director who may have been elected to a one-year term (including any existing director who may have been re-elected to a further one-year term) as a result of the passage of any resolution proposed and supported by the Board of Directors of Flamel at the 2005 AGM; and (2) the election of the following three candidates to one-year terms as director: Cornelis ("Cor") Boonstra; Randy H. Thurman; and Elie Vannier.

Further, pursuant to Art. L. 225-105 of the French Commercial Code, the OSS Shareholders hereby require that Flamel bring these draft resolutions to the attention of Flamel shareholders by including them in the materials that are sent to shareholders, including the holders of ADSs, (or are otherwise made available to shareholders), in advance of the 2005 AGM, as required by and in accordance with Arts. 135, 138 and 139 of DECRET NO. 67-236, dated March 23, 1967. In addition to the text of the draft resolutions, as required by the foregoing laws and regulations, the OSS Shareholders hereby require Flamel to include the following in the materials that are sent to shareholders, including holders of ADSs, or are otherwise made available to shareholders, in advance of the 2005 AGM:

- o The reasons (L'EXPOSE DES MOTIFS) why the OSS Shareholders are proposing the draft resolutions (in the form attached hereto); and
- o The biographical information on the nominees for director, including the information required by P. 5 of Art. 135 of DECRET NO. 67-236 (in the form attached hereto).

B. "SUBSTANTIAL OPPOSITION" EXISTS UNDER SECTION 4.7 OF THE DEPOSIT AGREEMENT

I trust that Flamel will agree that the proposal of these draft resolutions by the largest shareholder of Flamel (representing 12.3% of its share capital) calling for the removal of the existing board of directors and its replacement with a slate of directors proposed by the OSS Shareholders is evidence that "substantial opposition" exists to any resolution proposed by Flamel calling for the re-election of the incumbent directors (or any slate of directors other than that proposed by the OSS Shareholders in their draft resolutions). The strength of this opposition may be gauged by the fact that the OSS Shareholders incurred the significant out-of-pocket costs of surrendering their ADSs and withdrawing the underlying Ordinary Shares from the Depositary, in order to be able to exercise their rights as holders of more than 5% of the share capital of Flamel pursuant to Art. 225-105 of the French Commercial Code (CODE DE COMMERCE).

I trust that Flamel further agrees that under the express terms of Section 4.7 of the Deposit Agreement, Flamel now has a contractual obligation to inform the Bank of New York in writing as promptly as practicable of the existence of this "substantial opposition." On being informed that this substantial opposition exists, the Bank of New York will no longer be obligated under the Deposit Agreement to vote the Ordinary Shares represented by ADSs with respect to which it has received no voting instructions from the holder, in FAVOR of the resolutions proposed by Flamel and AGAINST the resolution proposed by the OSS Shareholders. Accordingly, pursuant to Section 4.7 of the Deposit Agreement, at the 2005 AGM, the Bank of New York shall not vote any Ordinary Shares other than those Ordinary Shares represented by ADSs with respect to which the Bank of New York has received the actual voting instructions of the holder and the Bank of New York shall vote those Ordinary Shares only in accordance with such actual voting instructions.

As holders of 600,000 ADSs, the OSS Shareholders are parties to the Deposit Agreement and have a direct interest in seeing that Flamel perform its obligation under the Deposit Agreement. Lastly, of course, I trust that Flamel's agreement that "substantial opposition" exists would only be strengthened in the event that other significant holders of Ordinary Shares or ADSs indicated that they intended to vote in favor of the resolutions proposed by the OSS Shareholders and against any slate of directors (including the incumbents) proposed by Flamel.

Accordingly, Flamel is hereby requested to confirm to the OSS Shareholders that it has informed the Bank of New York of the existence of substantial opposition pursuant to its obligation under Section 4.7 of the Deposit Agreement. Such confirmation may be sent to the undersigned, as representative of the OSS Shareholders.

* * * * *

On behalf of the OSS Shareholders, I am sending a copy of this letter to each member of the board of directors of Flamel. Notwithstanding the draft resolutions, pending the 2005 AGM, the OSS Shareholders are confident that the existing board of directors will continue to act only in the best interests of Flamel's shareholders in performing its duties.

This letter will also be filed publicly as an exhibit to Amendment No. 4 to the Schedule 13D to be filed with the SEC by the OSS Shareholders and their affiliates.

Sincerely,

/s/ Oscar S. Schafer

Oscar S. Schafer, individually and as senior
managing member of:

- (a) O.S.S. Advisors LLC, for itself and as
the general partner of
 - (i) Oscar S. Schafer & Partners I LP;
 - and
 - (ii) Oscar S. Schafer & Partners II LP;
- and
- (b) Schafer Brothers LLC, for itself and as
the general partner of
O.S.S. Capital Management LP

Attachments:

Certificates of shareholdings (ATTESTATIONS D'INSCRIPTION EN COMPTE)

Draft resolutions

Reasons for draft resolutions (L'EXPOSE DES MOTIFS)

Biographical information on the nominees for director

Cc:

Raul Cesan
William Dearstyne
Michel Greco
Jean-Noel Treilles
Steve Willard

FLAMEL TECHNOLOGIES SA
Societe Anonyme with a share capital of (euro) [2,608,782.48]
Registered office:
Parc Club du Moulin a Vent
33, avenue du Docteur Georges Levy
69693 VENISSIEUX (France)

379 001 530 R.C.S. LYON

DRAFT RESOLUTIONS PROPOSED BY OSCAR S. SCHAFER & PARTNERS I LP, OSCAR S. SCHAFER & PARTNERS II LP, AND O.S.S. OVERSEAS FUND LTD, ACTING DE CONCERT WITHIN THE MEANING OF ART. L. 233-10 OF THE FRENCH COMMERCIAL CODE, TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS DATED JUNE __, 2005, PURSUANT TO ART. L. 225-105 OF THE FRENCH COMMERCIAL CODE.

1ST RESOLUTION

(REMOVAL OF DIRECTORS)

Subject to the approval of any resolution proposed by the Board of Directors proposing either (1) the renewal of the offices of Mssrs. Gerard Soula, Steve Willard, Raul Cesan, William Dearstyne, Michel Greco, and Jean-Noel Treilles, as directors, or (2) the election of any other persons as directors, the Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings, decides, pursuant to the provisions of Article L. 225-105 of the CODE DE COMMERCE, to remove and replace all such directors.

2ND RESOLUTION

(ELECTION OF MR. CORNELIS ("COR") BOONSTRA)

The Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings, decides, pursuant to the provisions of Article L. 225-18 of the CODE DE COMMERCE and Article 13 of the Bylaws (STATUTS) of Flamel Technologies SA, to elect Mr. Cornelis Boonstra as a director of Flamel Technologies SA for a one-year term to expire at the end of Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2005.

3RD RESOLUTION

(ELECTION OF MR. RANDY H. THURMAN)

The Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings, decides, pursuant to the provisions of Article L. 225-18 of the CODE DE COMMERCE and Article 13 of the Bylaws (STATUTS) of Flamel Technologies SA, to elect Mr. Randy H. Thurman as a director of Flamel Technologies SA for a one-year term to expire at the end of

Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2005.

4TH RESOLUTION

(ELECTION OF MR. ELIE VANNIER)

The Shareholders' Meeting, voting under the quorum and majority conditions for ordinary general meetings, decides, pursuant to the provisions of Article L. 225-18 of the CODE DE COMMERCE and Article 13 of the Bylaws (STATUTS) of Flamel Technologies SA, to elect Mr. Elie Vannier as a director of Flamel Technologies SA for a one-year term to expire at the end of Shareholders' Meeting convened to approve the financial statements for the fiscal year ending December 31, 2005.

BIOGRAPHICAL INFORMATION ON NOMINEES FOR DIRECTOR.

 (including information required by Art. 135 of Decret No. 67-236,
 dated March 23, 1967)

CORNELIS (COR) BOONSTRA (AGE: 67).

Cornelis (Cor) Boonstra is the former Chairman and Chief Executive Officer of Philips Electronics NV, the Dutch consumer electronics group. Mr. Boonstra served as Chairman and CEO of Philips Electronics NV from 1996 to April 2001. Before joining Philips in 1994, as President of Philips Lighting Holding BV, Mr. Boonstra was President and Chief Operating Officer of Sara Lee Corporation, where he had worked in various positions since 1974, including Chairman of Sara Lee Douwe Egberts (1982-1988) and Executive Vice President Sara Lee Corporation (1988-1993).

Mr. Boonstra currently serves on the boards of directors of Hunter Douglas NV, a Dutch manufacturer of window coverings and architectural products, and Koop Holding, a Dutch civil and hydraulic engineering and pipeline construction company with sales over \$1 billion, of which Mr. Boonstra is the major shareholder. Previously, Mr. Boonstra has served on the board of directors of ING Bank, Vendex, Playtex Corporation, Polygram, Seagram and Royal Ahold.

Mr. Boonstra holds a PhD degree in economics from the University of Rochester. Mr. Boonstra is a Dutch citizen.

RANDY H. THURMAN (AGE: 56).

Randy Thurman is Chairman, President and Chief Executive Officer of VIASYS Healthcare Inc., a global research-based medical technology company focused on respiratory, neurocare and medical/surgical products. Mr. Thurman joined VIASYS as Chief Executive Officer at the start of 2001 and led the consolidation of 15 independent companies and the subsequent successful public offering of VIASYS on the New York Stock Exchange in 2001.

Prior to joining VIASYS Healthcare, Inc., Mr. Thurman was Chief Executive Officer of Strategic reserves LLC and participated in several entrepreneurial ventures including the start-up of two medical device companies, two genomics companies, and, as Chairman of the Board of Enzon Inc. from 1994 to 2001, guided their growth from a \$70 million market capitalization to over \$2.5 billion. Prior to that, from 1993 to 1996, Mr. Thurman was Chairman and Chief Executive Officer of Corning Life Sciences Inc. From 1984 until 1993, Mr. Thurman held various positions, most recently President, at Rhone-Poulenc Rorer Pharmaceuticals and its predecessor companies. Mr. Thurman led Rorer Pharmaceuticals Inc.'s successful acquisition of Revlon Healthcare and its subsequent merger with Rhone-Poulenc.

Mr. Thurman is a director of Closure Medical Corporation and is the lead director of Valeant Pharmaceuticals International, Inc. Mr. Thurman led the dissident proxy contest for Valeant, which resulted in the slate of dissident directors winning by a larger margin of victory than in any previous proxy contest. Previously, Mr. Thurman has served as a director of Cooper

Companies Inc. (NYSE: COO), a medical equipment and supplies company, and Immune Products Limited.

Mr. Thurman holds a B.S. degree in Economics from Virginia Polytechnic Institute and an M.A. in Management from Webster University. Mr. Thurman also graduated with distinction from the United States Air Force Air Command and Staff College. During the Viet Nam war, he flew 145 missions as a fighter. Mr. Thurman is a U.S. citizen.

ELIE VANNIER (AGE: 56).

Elie Vannier has been Chief Operating Officer of Grandvision SA, the French optical retailing group, since 2001. Grandvision was acquired in 2004 by its senior management and the Dutch investment group HAL. From 1997 to 2001, Mr. Vannier was Chief Financial Officer and Senior Executive Vice President of Grandvision.

From 1991 until 1996, Mr. Vannier was a banker with Morgan Grenfell, serving as a director of Morgan Grenfell & Co. (London) and Chief Executive Officer of

Morgan Grenfell France SA. Prior to that, from 1988-1991, Mr. Vannier was in charge of diversification at Strafor-Facom, a manufacturer of hand tools, office furniture and partition systems, and the chief executive officer of one of its five industrial divisions. Previously, from 1969 to 1988, Mr. Vannier held various positions as a reporter, editor and finally President for News for the French national television network.

Mr. Vannier is a member of the Supervisory Board of Promod, a leading French fashion retailer, and serves as the chairman of its compensation committee. He has previously served as a director of Puiforcat SA (now owned by Hermes), Jean-Charles de Castelbajac (a fashion designer), Peter Chadwick Limited (now part of Novell), RFM (a Radio Network), Delsey (a luggage manufacturer) and CMC Telecom (a service provider in GSM telephony). Mr. Vannier is the former chairman of the French Center for the Study of Corporate Governance, former non-executive chairman of Groupe des Publications Fiduciaires and the former chairman of Fondation Hepato-Biliaire, a medical foundation that built and runs one of the largest liver transplant facilities in the world.

Mr. Vannier holds a MAITRISE DE DROIT (LLD) and DIPLOME D'ETUDES SUPERIEURS (doctoral masters) in law and political science from UNIVERSITE PARIS I PANTHEON SORBONNE. Mr. Vannier has formerly served as a Professor at the INSTITUT D'ETUDES POLITIQUES DE PARIS (Sciences Po.) and at the ECOLE SUPERIEURE DE GUERRE ET D'ETAT MAJOR (French Army War and Staff College). Mr. Vannier is a French citizen.

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Each of Mssrs. Boonstra, Thurman and Vannier has consented to being proposed as candidate and to serving as a director, if elected. None of Mssrs. Boonstra, Thurman or Vannier holds any office or employment with Flamel Technologies SA. None of Mssrs. Boonstra, Thurman or Vannier holds any ordinary shares or ADSs of Flamel Technologies SA, but each of them will comply with the share ownership requirements if elected. Each of Mssrs. Boonstra, Thurman and Vannier is otherwise qualified to serve as a director of Flamel, if elected.

REASONS (L'EXPOSE DES MOTIFS) FOR THE DRAFT RESOLUTIONS PROPOSED BY OSCAR S. SCHAFFER & PARTNERS I LP, OSCAR S. SCHAFFER & PARTNERS II LP AND O.S.S. OVERSEAS FUND LTD (COLLECTIVELY, THE "OSS SHAREHOLDERS").

Flamel's technology has the potential to revolutionize drug delivery. Flamel has entered into partnerships with many leading pharmaceutical companies. These partnerships apply Flamel's technologies to improve the bioavailability, extend the effectiveness, and increase the patient compliance of major drugs. The OSS Shareholders believe that the potential exists for Flamel to partner with many additional companies. However, we believe that these potential opportunities are not being sufficiently developed, which has led to the steep decline in Flamel's share price.

In light of this, we are proposing new directors to replace the existing board of directors. The OSS Shareholders believe the new directors will provide the strategic leadership and direction to enable management to unlock Flamel's enormous potential and realize its long-term value for shareholders.

The OSS shareholders hereby are proposing a three-person board of directors who can help the company open doors to potential partners, and provide sufficient strategic direction to the management. Each director has broad experience in a variety of industries with a proven track record of creating shareholder value. In particular:

- o Randy H. Thurman has both deep experience in the pharmaceutical and medical technology industries and has successfully served as the lead director of Valeant Pharmaceuticals International, Inc, after having led a successful dissident proxy contest for Valeant.
- o Cornelis (Cor) Boonstra has a lifetime of marketing experience and is widely credited with having revitalized the fortunes of Philips Electronics NV during his tenure as Chairman and Chief Executive Officer from 1996 to April 2001.
- o Elie Vannier has deep operating and financial experience, having been both a business executive and a banker. He has also served as chairman of the French Center for the Study of Corporate Governance.

It is expected that this three-person board, if elected, may take the subsequent actions necessary (including calling an extraordinary shareholder meeting) to increase the size of the board and elect additional directors, which may include one or more members of the current board of directors.