

FLAMEL TECHNOLOGIES

July 2010

Forward Looking Statements

The following presentation regarding Flamel Technologies SA includes a number of matters, particularly as related to the status of various research projects and technology platforms, that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The presentation reflects the current views of Flamel's management with respect to future events and is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. These risks include risks that products in the development stage may not achieve scientific objectives or milestones or meet stringent regulatory requirements, uncertainties regarding market acceptance of products in development, the impact of competitive products and pricing, and the risks associated with Flamel's reliance on outside parties and key strategic alliances. These and other risks are described more fully in Flamel's public filings. Except as required by law, Flamel does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements contained in this presentation to reflect new information, future events or otherwise.

Who We Are

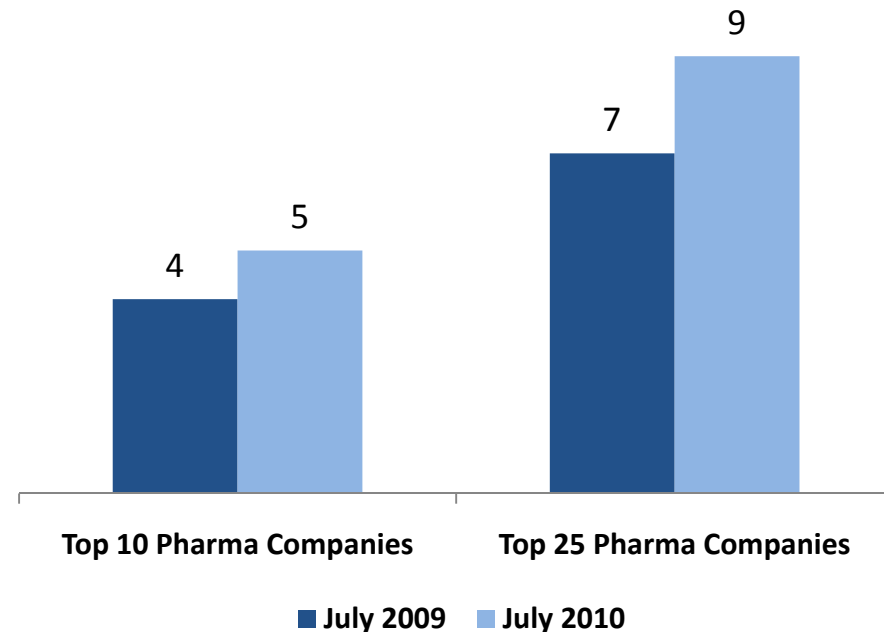
- Sophisticated formulations to deliver existing pharmaceutical therapies in a superior way
- We can provide solutions for drugs that cannot currently be delivered effectively
- We seek diversified, milestone and royalty bearing projects and company relationships to minimize risk
- A diversified portfolio of partnered products addressing large markets
- Significant corporate profitability can be achieved with a modest number of projects continuing further in the clinic and to market

Our Value Proposition

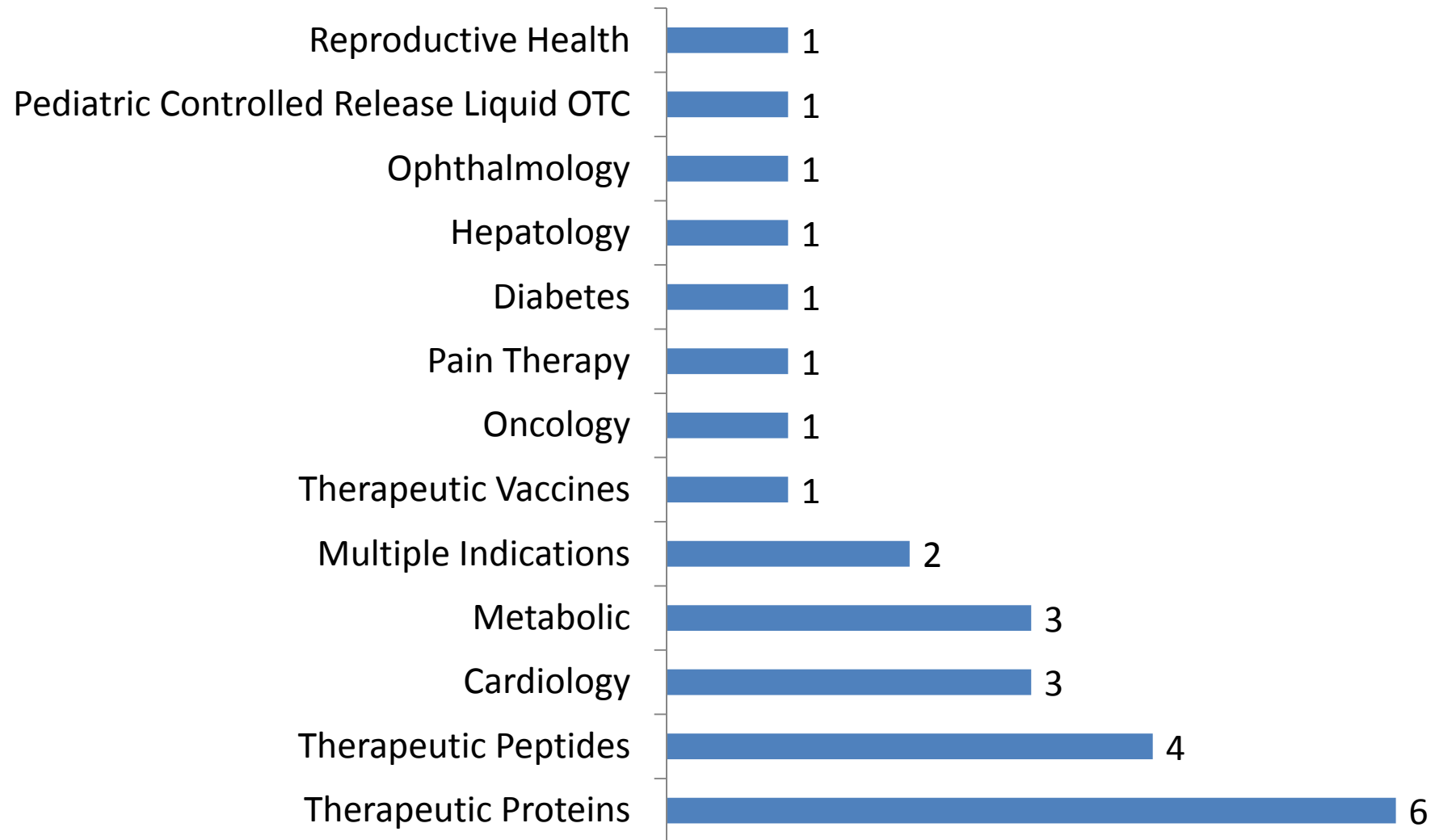
- Two complementary drug delivery technologies validated by many pharma partnerships
- We leverage our partner expertise to develop our platforms
- FDA-approved manufacturing facility provides a plug-and-play option for our partners
- No debt or convertible securities
- Clean capital structure, only 24 Million Shares Outstanding
- Strong cash position

Partnerships Drive Our Growth

- Flamel works with leading companies to provide the best drug delivery solutions to improve existing products and bringing new products to market
- We currently work with 9 of the top 25 pharmaceutical companies in the world
- Leverage partner's expertise to develop our platforms
- Total up-front, milestones, and technology access fees received in 2009: \$15.7 million



Partnership Portfolio (as of July 2010)



One Straightforward Goal

*Deliver the right **molecule** in the right
place at the right **time** at the right
dose*



Flamel's Technology Platforms

MEDUSA

Subcutaneous or IV injection

Proteins, peptides,
therapeutic vaccines,
antibodies, and other large
molecules

MICROPUMP

Oral delivery

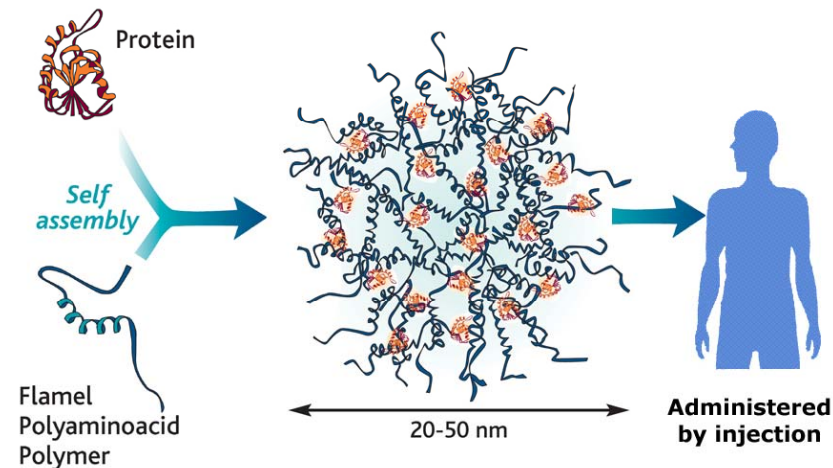
Small molecules

Scheduled drugs



MEDUSA Technology

- MEDUSA polymer is made of glutamic acid and Vitamin E
- The polymer is amphiphilic and spontaneously forms stable nanoparticles in water
- Complexes are robust over a wide range of pH values and can be stored as either stable liquid or stable dry forms that can be easily reconstituted in water



What MEDUSA Delivers

- The MEDUSA Ubiquitous Polymer has unfilled hydrophobic bonding sites
- Most biologics have hydrophobic patches; they self-associate to bonding sites when introduced to solution with Medusa polymer
- Biologics are adsorbed without covalent bonds, and so maintain full bioactivity
 - Solubility and stability are enhanced while aggregation is prevented
- When injected, endogenous proteins replace the therapeutic molecule on the polymer, releasing the drug at a controlled rate
- Suitable for combination products
- Full safety and toxicology package on the polymer limits risk of development

Delivering the Right Molecules

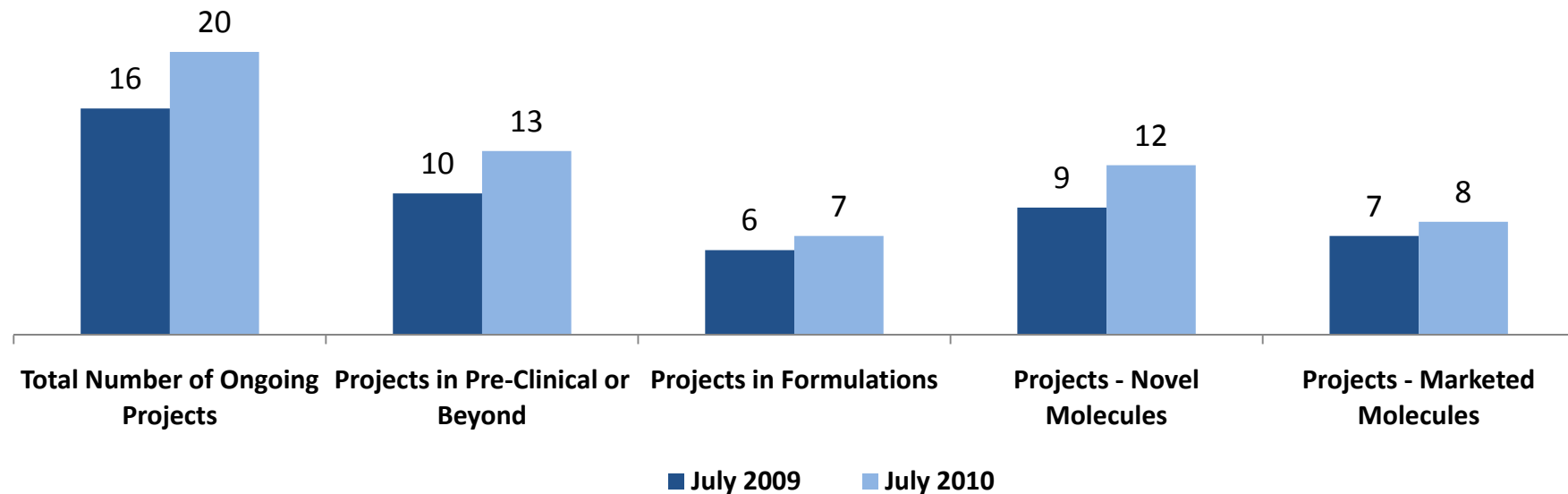
- Proteins and peptides: IV, subcutaneous, and oral delivery
 - Multiple IV and subcutaneous projects underway with partners
 - Ongoing oral delivery project with top-5 pharma company begun in 2007, program renewed and animal testing being conducted
- Antigens for vaccines
 - Proof of concept demonstrated with a top-20 pharma partner
 - Significant driver of deals going forward: in negotiations with leading vaccine players for prophylactic and therapeutic vaccines
- Already marketed molecules: Biosimilars → Biobetters
 - Lower efficacy risk
 - Interferons, Insulin, Blood Factors, Carvedilol
- New biological entities
 - MEDUSA is being applied to unstable, insoluble molecules that might otherwise be shelved

The Right Place in the Right Amount

- Medusa offers better controlled release
 - Subcutaneous products have lower C_{max} , no “burst effect”
 - Higher sustained concentrations
 - Fewer side-effects
 - Biologics maintain full bioactivity
- Medusa offers better extended release
 - Subcutaneous products enter the bloodstream slowly
 - Up to 1-2 weeks
 - IV solutions easier to handle
 - Improved patient and caregiver convenience
 - Stability and anti-aggregation advantages

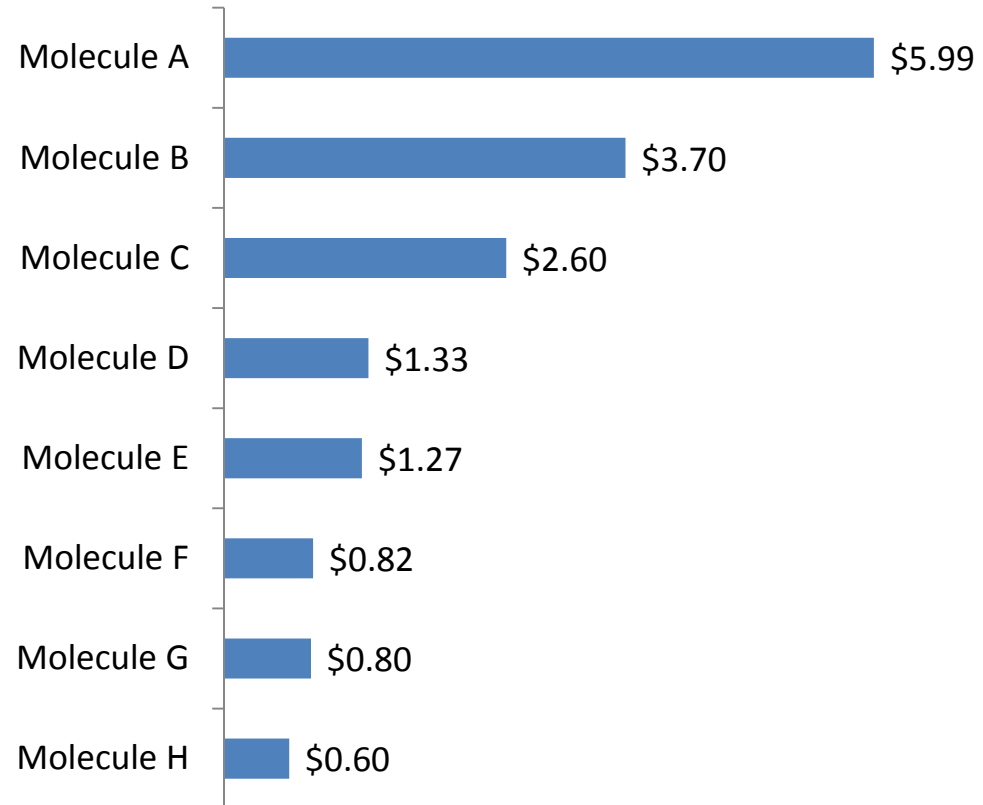
MEDUSA Project Portfolio

- Our portfolio of feasibility studies continued to expand and progress in 2009
- Balance between lower-risk reformulations and higher-risk NMEs
- Successful feasibility studies feed our pipeline



Large Addressable Markets

- Medusa platform is applicable to a wide variety of molecule types and therapeutic areas
- Clinical development studies are funded by partners
- Clinical development studies addressing a total >17 billion in market opportunities

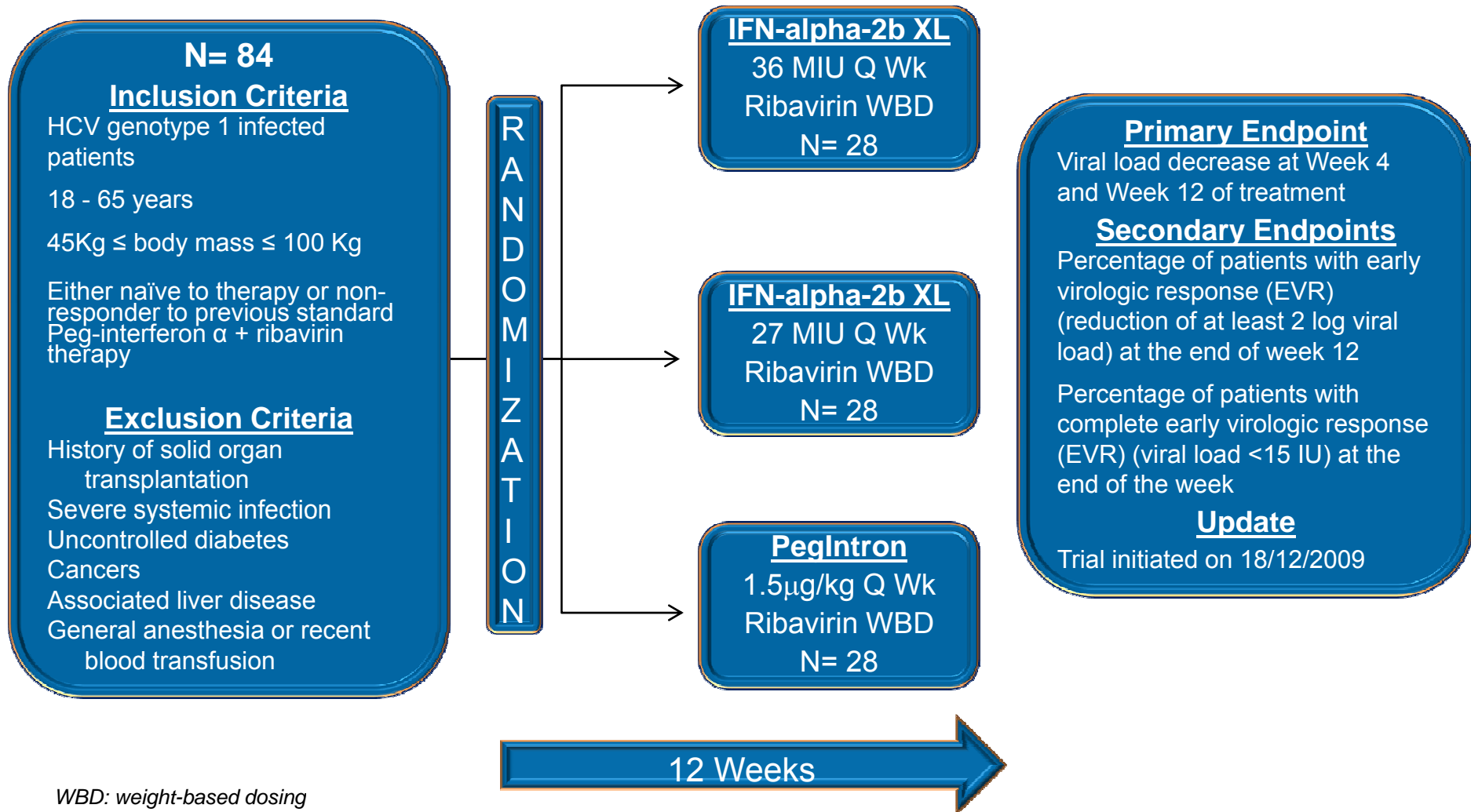


Numbers in billions, 2009 figures, from companies SEC filings and reports

IFN Alpha-2b XL

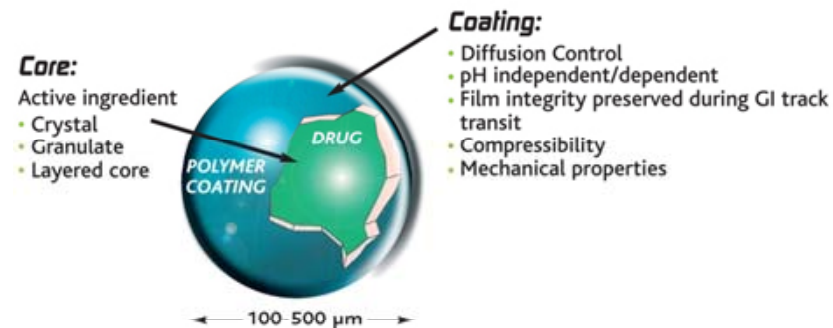
- Novel formulation of recombinant Interferon alpha-2b based using MEDUSA, fully owned by Flamel
- Reduction in side effects vs. PegIntron in Phase 1
- Significant reduction in viral load for a subgroup of Genotype 1 receiving 27 MIU vs. PegIntron
- Phase 2a study initiated 12/09
- Funded and conducted by French Government Agency Specializing in Hepatitis
- The Phase 2a carries no costs to Flamel and no royalty or other financial obligations
- Expect data by Q410

IFN Alpha-2b XL Phase 2a



Micropump Technology

- Multiple-dose system containing 5,000 to 10,000 microparticles per capsule or tablet
- Microparticles are released in the stomach and pass into the small intestine
- Drug released at an adjustable rate:
 - controlled for Micropump I
 - delayed for Micropump II
- Both types of Micropump particles can be used separately or together to provide highly specialized delivery profiles



What MICROPUMP Delivers

- MICROPUMP offers best-in-class oral drug delivery solutions for small molecule formulations:
 - Liquid formulations
 - Combination products
 - Suitable for all patient populations
- Each microparticle delivers active ingredient separately
- Combinations of different microparticles offers precise control of absorption

Delivering the Right Molecules

- Microparticles control the absorption rate
 - Controlled-release products
 - Taste-masking of bad-tasting materials
 - Microparticles dosed in sachet or liquid suspension
 - Rapidly dissolving tablets
- High loading ratio of active to polymer coating
 - Important for products with large daily dosing
 - Avoids the problem of dose-dumping
- Trigger-Lock Adaptation designed to prevent tampering with scheduled drugs

The Right Place in the Right Amount

- MICROPUMP formulations are released at the preferred site of absorption
 - Stomach
 - Small intestine
- MICROPUMP uses microparticles:
 - Inter-patient and intra-patient variability is minimized
 - Peak:trough ratio is minimized
 - Solubility gains mean plasma levels increased

Controlled Release Opioids

- Trigger-Lock Adaptation designed to prevent misuse of scheduled drugs such as narcotic analgesics
- MICROPUMP particles cannot be crushed
- Additional modifications tailored to prevent other less publicized methods of foiling controlled release systems
- Provides either bioequivalent or improved pharmacokinetics
- May be applied to novel; already-marketed; or off-patent molecules

Coreg CR Update

- Indicated for treatment of congestive heart failure (CHF) and treatment of left ventricular dysfunction following myocardial infarction (MI)
 - Total net sales of Coreg CR & Coreg as reported by GSK were \$268 MM in 2009
- Partnered with GSK
 - Milestones
 - Royalties on sale of product
 - Supply agreement for production of microparticles
- Hatch-Waxman expired April 2010; to-date the only generic formulation that has been submitted has not been approved.
- Flamel filed a Citizen's Petition with the FDA in April 2010
 - Requests that generic formulations be held to the same standards as were applied to Coreg CR for approval.

Financials

(\$ MM except per share)	3 months ended	6 months ended
	<u>June 30, 2010</u>	
Total Revenue	7.5	15.6
Total Costs and Expenses	12.2	24.4
Profit/(Loss) from Operations	(4.7)	(8.8)
Net Loss	(4.3)	(8.3)
Diluted EPS	(\$ 0.18)	(\$ 0.34)
Diluted Shares Outstanding	24.4	24.4

Strong cash position

- As of June 30, 2010, cash and equivalents amounted to \$33.7 MM
- Milestones from new and existing partnerships make us self-financing

Delivering Value to Shareholders

Expected	Milestone	Complete
2Q09	Baxter agreement for assessment of MEDUSA with certain blood factors	✓
2Q09	Two additional MEDUSA agreements	✓
3Q09	Successful preliminary IV results with Wyeth of already marketed therapeutic protein	✓
4Q09	\$1 MM license fee from Pfizer exercising option to license MEDUSA	✓
2010	Receive two milestones from existing partner(s)	
2010	Sign at least two new license agreements	
2010	Advance MICROPUMP projects towards registration	