



GTC BIOTHERAPEUTICS AND LFB BIOTECHNOLOGIES ENTER STRATEGIC COLLABORATION FOR RECOMBINANT PLASMA PROTEINS AND MONOCLONAL ANTIBODIES

TRANSGENICALLY PRODUCED RECOMBINANT FACTOR VIIa IS FIRST PROGRAM

FRAMINGHAM, MA and PARIS, FRANCE – October 2, 2006 -- GTC Biotherapeutics, Inc. ("GTC", Nasdaq: GTCB) and LFB- Biotechnologies, a wholly owned subsidiary of LFB S.A. (Laboratoire francais du Fractionnement et des Biotechnologies S.A.) announced today that they have entered into a strategic collaboration to develop selected recombinant plasma proteins and monoclonal antibodies using GTC's transgenic production platform. A Joint Steering Committee will agree on product development as well as commercialization plans. GTC will be responsible for development of the production system for the products and will retain exclusive commercial rights to the products in North America. LFB Biotechnologies will be responsible for clinical development and regulatory review of the first program of this collaboration, and will have exclusive commercial rights in Europe. GTC and LFB Biotechnologies will hold co-exclusive rights in the rest of the world to the products developed through their collaboration. The first program in this collaboration is for development of a transgenically produced recombinant form of human factor VIIa (rhFVIIa). Factor VIIa is a clotting factor in the coagulation of blood. A research program on rhFVIIa was initiated by LFB three years ago.

"This collaboration with LFB Biotechnologies is a significant step in the execution of our strategic plan to develop a robust pipeline of recombinant plasma proteins and monoclonal antibodies," stated Geoffrey F. Cox, Ph.D., GTC's Chairman and Chief Executive Officer. "LFB is a significant European company with broad experience in the development and marketing of plasma proteins as treatments for a wide range of medical conditions. We are very pleased to share our respective strengths to develop an abundant source of rhFVIIa and potentially recombinant forms of other plasma proteins and monoclonal antibodies."

“Thanks to this strategic alliance with GTC, we have assembled all the assets and skills of a worldwide success for our rhFVIIa”, stated Christian Béchon, LFB’s Chairman and Chief Executive Officer. “Our collaboration offers a unique opportunity to meet worldwide expanding patient needs with a technological breakthrough. With this agreement, LFB has access to the expertise and intellectual property of the world leader in animal transgenic technology.”

Background on rhFVIIa

The total worldwide sales of the current recombinant factor VIIa product in all indications were reported to be \$845 million (US) in 2005. An independent market research report estimates the worldwide sales of rhFVIIa will reach \$2 billion (US) by 2012. Both plasma-derived and recombinant products are used in treating hemophilia caused by genetic conditions in which patients’ failure to express enough coagulation factors on their own may lead to excessive bleeding. The application of transgenic technology may enable the production and pricing of rhFVIIa at appropriate levels for broader utilization of rhFVIIa, as well as expanding its use to the treatment of the unmet needs of patients in developing countries and to the treatment of other acquired bleeding conditions.

RhFVIIa will be developed from the milk of transgenic rabbits. Rabbits are anticipated to be capable of supplying the projected needs of the marketplace.

Financial Terms

The intention of the collaboration is to share equally in product development costs and profits worldwide. The collaboration provides flexibility for each party to vary its participation in development costs with a corresponding adjustment in profit sharing.

LFB Biotechnologies has committed to purchase \$25 million (US) of GTC common and convertible preferred shares, and convertible debt, of which \$19 million is subject to GTC shareholder approval. Subject to such approval, the investment will occur in three installments, or tranches, that will result in the equivalent of approximately 18.2 million shares, 19.9% of GTC’s outstanding equity post transaction. The first tranche, which is

expected to close this week, is for preferred stock convertible into 5 million shares of common stock, 6.8% of the common shares outstanding prior to the equity investment. The first tranche is priced at \$1.23 per common share equivalent. The preferred stock will be entitled to elect one director to GTC's board after the second tranche is issued, but it does not pay a dividend nor does it have a liquidation preference. GTC may choose to convert the preferred equity after 2012 if the market price of the common stock exceeds \$2.46 per share. After shareholder approval of an increase of authorized shares, the second tranche of the equity investment will be completed. The second tranche will be additional preferred stock convertible into approximately 9.6 million shares of common stock at the same common share equivalent price per share as the first tranche. The first and second tranches will total approximately 19.9% of the GTC common shares outstanding prior to the equity investment. The third tranche, which is subject to shareholder approval of the issuance of additional shares to LFB Biotechnologies and is planned to close in early January 2007, will be approximately 3.6 million shares of GTC common stock at a price of \$1.23 per share. In addition to the equity investment, LFB Biotechnologies will also provide approximately \$2.6 million via a five-year convertible note, which will convert automatically into GTC common stock in conjunction with any future equity financing of GTC at the common stock price of such future financing. Interest at an annual rate of 2% will be accumulated and payable at the time of conversion in cash or stock at GTC's option. The note will be funded at the closing of the second tranche. LFB Biotechnologies will also have a five-year option to participate in any future GTC financing, at the terms agreed upon between GTC and the other investors in the future financing, to the extent that LFB Biotechnologies' total common stock ownership level will not exceed 19.9% after the financing.

About LFB Group

With sales of 260 million euros, LFB is the fourth largest pharmaceutical company supplying drugs to hospitals in France and a major European producer of plasma-derived medicinal products. LFB provides to healthcare professionals a wide range of 19 plasma-derived medicinal products in three therapeutic fields: Hemostasis, Anesthesia-intensive Care and Immunology. LFB's medicinal products are prescribed to address emergencies but also to manage chronic diseases that require lifelong treatment. With 1300 employees, among

which 200 are in R&D, LFB is recognized as one of the major European players in the field of therapeutic proteins with expertise in protein downstream processing, characterization as well as biological safety and viral clearance. LFB focuses its discovery and development activities on monoclonal antibodies and therapeutic proteins for rare and severe diseases. Ideally placed to become a driving force in new technological and therapeutic fields, LFB can use its technology platform to develop highly cytotoxic antibodies while its R&D portfolio contains high-potential projects calling on innovative technology.

About GTC Biotherapeutics, Inc.

GTC Biotherapeutics is a leader in the development, production, and commercialization of therapeutic proteins through transgenic animal technology. GTC's lead program is ATryn[®], its recombinant form of human antithrombin. The European Commission has granted market authorization for the use of ATryn[®] in patients with a hereditary antithrombin deficiency undergoing surgical procedures. LEO Pharma A/S has exclusive rights to ATryn[®] in Europe, Canada, and the Middle East. In addition to the ATryn[®] program, GTC's development programs include recombinant human alpha-1 antitrypsin, a recombinant human albumin, a CD137 antibody, and a malaria vaccine. In its external programs, GTC's technology is used to develop transgenic production of its partners' proprietary products, including both large-volume protein therapeutics as well as products that are difficult to produce in significant quantities from conventional recombinant production systems. One external program is in clinical trials with a transgenically produced product. Additional information is available on the GTC web site, <http://www.gtc-bio.com>.

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including without limitation statements regarding the development of transgenic production for rhFVIIa, the estimated future size of the rhFVIIa market, the projected broader utilization of transgenically produced rhFVIIa at appropriate production and price levels, the intended cost and profit sharing of the collaboration, and the planned completion of the equity and debt placements. Such forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to

differ materially from future results expressed or implied by such statements. Factors that may cause such differences include, but are not limited to, the risks and uncertainties discussed in GTC's most recent Annual Report on Form 10-K and its other periodic reports filed with the Securities and Exchange Commission, including the uncertainties associated with the development of therapeutic products, the risks and uncertainties associated with dependence upon the actions of partners and regulatory agencies, and the uncertainty that the Company will be able to obtain additional revenues and financial resources, including through continuing and new external programs, marketing and strategic partners, and additional equity or debt financings to participate in funding the costs of the collaboration. GTC cautions investors not to place undue reliance on the forward-looking statements contained in this release. These statements speak only as of the date of this document, and GTC undertakes no obligation to update or revise the statements, except as may be required by law.

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