

GTC BIOTHERAPEUTICS, INC.

Policy on Securities Trading, Non-Public Information and Disclosure

(As Amended and Restated in May 2006)

THE POLICY

It is against GTC Biotherapeutics, Inc. (“GTC”) policy for any person associated with GTC to:

- Buy or sell GTC common stock or other securities (including contracts conveying the right to buy shares (call options) or to sell shares (put options)) when you know of material non-public information about GTC (“insider trading”).
- Disclose any material non-public information (also referred to as “inside information”) relating to GTC to anyone outside GTC unless authorized to do so by this Policy.

It is also a criminal offense to buy or sell our securities when you know of material non-public information about GTC or to disclose our material non-public information to anyone else if it is reasonably foreseeable that the person will trade in GTC securities based on the information conveyed.

Violation of insider trading laws, rules and regulations, including this policy, will result in severe disciplinary action by GTC, up to and including dismissal. You may also be subject to legal penalties including fines and imprisonment.

OVERVIEW

We have adopted this policy in order to comply with applicable legal requirements and to protect GTC and its employees. We have all worked hard to establish our reputation for integrity and ethical conduct and cannot afford to have it damaged or compromised.

Who is covered by this policy?

This policy applies to all

- employees of GTC;
- officers and directors of GTC; and
- consultants to GTC.

If this policy applies to you, it also applies to your family members and others living in your household who may learn material non-public information. You are responsible for assuring that family members and others living in your household comply with this policy. The best way of assuring this is by not providing them with material non-public information in the first place.

Directors, executive officers and certain other designated employees covered by GTC's blackout periods are subject to additional restrictions described in Annex A hereto.

What is "material non-public information"?

"Material non-public information" is information that:

- is "material;" i.e., it could be expected to affect the price of our securities or an investor's decision about buying or selling our securities (Examples of "material" information are given at the end of this policy statement); *and*
- is "non-public"; i.e. has **not** been disclosed publicly
 - in a GTC press release that has been distributed by a national newswire service
 - in a publicly available filing of GTC with the SEC; or
 - in a webcast GTC conference call that was itself announced in a GTC press release that has been distributed by a national newswire service.

For securities trading purposes under this policy, information that has been disclosed publicly continues to be considered "non-public information" until one full trading day has elapsed from when the information is disclosed publicly.

Information about other companies

This policy also applies to material non-public information about other companies with which GTC is negotiating or doing business. You may not trade in the securities of any such company if you have material non-public information about it, nor may you disclose any such material non-public information to others.

Consequences of violating this policy

- GTC will discipline any person who violates this policy by any appropriate means, which may include dismissal for cause.
- Federal law imposes civil and criminal penalties (including fines of up to \$5 million and jail terms of up to 20 years) for insider trading or disclosing non-public information to anyone else if it is reasonably foreseeable that the person will trade in any securities market based on that information (a process often referred to as "tipping").
- In addition, GTC and any supervisor of an employee who trades with material non-public information or engages in tipping may face civil and criminal penalties if GTC or the employee's supervisor failed to take appropriate steps to prevent it.

Any of these consequences, and even an investigation that does not result in prosecution, can tarnish your reputation and irreparably damage you and GTC.

RESTRICTIONS ON SECURITIES TRADING

Timing of transactions in GTC securities

If you know of material non-public information about GTC, you should not engage in any stock transactions until one full trading day has elapsed from when the information is publicly disclosed in a GTC press release that has been distributed by a national newswire service, a publicly available filing of GTC with the SEC or a webcast GTC conference call that was itself announced in a GTC press release that has been distributed by a national newswire service, *and* you do not know of any other material non-public information.

If the information relates to our financial performance, you must wait until one full trading day has elapsed from when GTC publishes its quarterly earnings report. For example, suppose you are aware that GTC is considering a stock repurchase program that has not been disclosed publicly. You are prohibited from trading in GTC securities until one full trading day after public disclosure of the program. If the press release is distributed on Tuesday at 8:00 a.m., New York time, before the opening of the Nasdaq Global Market, you can engage in a stock transaction on Wednesday morning. On the other hand, if the press release is not distributed until Tuesday at 11:00 a.m., you would not be able to engage in a stock transaction until Thursday morning, after one full trading day has elapsed.

There is only one exception to these timing requirements. You may make transactions at any time if you do so in compliance with a contract, instruction, or plan that meets the requirements of Securities and Exchange Commission (SEC) Rule 10b5-1 (a “10b5-1 plan”) (which itself must be established at a time when you were not in possession of material non-public information) and that was previously approved by our Chief Financial Officer or, in his absence, our General Counsel. However, by the terms of this policy any 10b5-1 plan transaction can only be made on or after the later of (i) the 15th day after the 10b5-1 plan is established and approved by GTC and (ii) if such 15th day occurs during a blackout period, then after the blackout period expires.

There are no other exceptions to this policy, even for transactions that may be necessary for significant personal reasons (such as the need to raise money for an emergency).

Shares acquired directly from GTC

These restrictions on timing of securities transactions do not apply to the acquisition of shares directly from GTC itself, such as a purchase under our Employee Stock Purchase Plan or a stock option exercise. However, any sale of those shares is restricted by this policy.

Margin loans and pledging of GTC securities

In order to avoid inadvertent violations of securities laws, this policy prohibits you from entering into any margin loans using GTC securities, or pledging your GTC securities, without the prior written approval of our Chief Financial Officer or, in his absence, our General Counsel.

Prohibition on hedging, derivatives and short-selling transactions involving GTC securities

This policy prohibits you from entering into hedging arrangements with respect to GTC securities, such as collars, swaps, and exchange funds, or trading in derivative securities tied to the price of GTC securities, including put options, call options, and futures contracts, or selling GTC securities you do not own (“short-selling”). These types of transactions are prohibited because they are speculative and may give the appearance of trading on the basis of material non-public information.

COMMUNICATIONS AND DISCLOSURE

Background

Federal securities law prohibits the selective disclosure of material non-public information to buy and sell-side analysts, institutional investment managers, investment companies and other market professionals, as well as shareholders who may be likely to trade on the basis of such information. These rules are intended to eliminate situations where material non-public information is provided to “Wall Street insiders” prior to making the information publicly available and thereby to address the perceived informational advantage given to market professionals over general investors.

General disclosure policy

GTC is committed to fair disclosure to investors in compliance with all applicable securities laws. GTC’s corporate policy, reflecting current legal requirements, is that its employees and directors will not make any disclosure of material non-public information about GTC to anyone outside GTC (other than to persons who first are obliged in writing to maintain confidentiality), unless we disclose it to the public at the same time. This policy applies to all external communications of GTC with media, institutional and other investors, sell and buy-side analysts and other market professionals. GTC has adopted this policy to minimize the potential for selective disclosure of material non-public information and to comply with the SEC’s Regulation FD.

Restrictions on disclosure of “material non-public information”

This policy prohibits disclosing material non-public information relating to GTC to anyone outside GTC unless authorized to do so. Unauthorized disclosures may:

- harm GTC because they reveal our confidential, proprietary information to competitors,
- be considered illegal “tipping” for which you may have criminal liability, or
- violate SEC rules against selective disclosure of material non-public information.

Authorized company representatives

It is GTC’s intent to limit the number of spokespersons authorized to speak on behalf of GTC. Accordingly, the only individuals authorized to represent GTC in dealings with institutional investors, sell and buy-side analysts and other market professionals are the following:

- Chief Executive Officer;
- Chief Financial Officer;
- Senior Vice President and General Counsel;
- Senior Vice President, Operations; and
- Vice President, Corporate Communications.

You must refer all inquiries from the media or investors to the Vice President, Corporate Communications and review the substance of all information that will be presented at trade or investor conferences internally with the Vice President, Corporate Communications.

Protection of “material non-public information”

Material non-public information should be secured. For example, access to files containing material non-public information and computer files containing such information should be restricted, and conversations containing such information, if appropriate at all, should be conducted in private (for example, not in public areas, such as restaurants or elevators, and not by cellular telephone, to avoid potential interception).

Examples of “material” information

Common examples of information that is frequently regarded as material include information relating to:

- earnings or losses that are higher or lower than generally expected by the investment community;
- any other qualitative or financial information relating to quarterly results;
- in-progress major sales or strategic deals or the loss of such deals;
- negotiations regarding an important license, distribution agreement, or joint venture;
- predictions about the significance of announced strategic/operational/product initiatives;
- a proposed merger or acquisition, joint venture, collaboration, strategic alliance or a sale of part of GTC’s business;
- a proposed public offering or private placement of GTC’s securities;
- other events regarding GTC’s securities, such as a default on senior securities, stock repurchases, stock splits, dividends, recapitalizations or sales of additional securities;
- a proposed or actual change in control of GTC;

- a proposed or actual change in management;
- clinical trial results (positive or negative);
- significant new discoveries, products or services;
- pending Food and Drug Administration (FDA), European Medicines Evaluation Agency (EMA) or other regulatory action;
- impending financial or liquidity problems; or
- a change in auditors or withdrawal of audit reports.

Other types of information may also be material. This should not be regarded as a complete list of all information that might be considered “material” information regarding GTC or any other company.

Questions about disclosure

Since it is not always clear whether information is “material non-public information,” please consult with GTC’s Chief Financial Officer or, in his absence, our General Counsel prior to disclosing any information for which you are not sure whether it is material or publicly available. Also, please contact GTC’s Chief Financial Officer or General Counsel immediately if you feel that material non-public information may have been inadvertently selectively disclosed.

IMPLEMENTATION OF THIS POLICY

GTC requires each employee to certify that he or she has read and will comply with this policy.

If you have questions about a specific transaction or situation, you may obtain additional guidance from GTC’s Chief Financial Officer or General Counsel.

Effective May 2006

ACKNOWLEDGEMENT

GTC BIOTHERAPEUTICS, INC.

I have read and understand, and agree to comply with, the Policy on Securities Trading, Non-Public Information and Disclosure.

Signed: _____

Printed Name: _____

Date: _____

ANNEX A

Additional Restrictions

Pre-clearance requirement--applicable to directors and executive officers

In order to avoid inadvertent insider trading violations and to promote compliance with SEC reporting requirements, directors and executive officers **may not purchase or sell any GTC security without first obtaining approval** for such transaction from our Chief Financial Officer or, in his absence, our General Counsel or, in the case of the Chief Financial Officer or General Counsel, from our Chief Executive Officer. Purchases directly from GTC are exempt from this requirement. Any such approval is effective only for the day for which it is granted. The approving officer's decision is final. GTC will not bear any losses in personal accounts that might be deemed to have occurred from the implementation of this policy.

Quarterly blackout periods--applicable to directors, executive officers and certain designated employees only

Directors, executive officers and employees with regular access to material non-public information, as designated by GTC from time to time by addressing notices of the blackout period to them, may not engage in any transactions in our securities (other than acquisitions directly from GTC) during our designated quarterly "blackout periods" that cover the period from the end of a fiscal quarter (i.e. the close of business on the Sunday that is closest to the end of the corresponding calendar quarter) until one full trading day has elapsed after the quarterly earnings release is publicly disclosed.

The only exception to the blackout period restriction is for transactions pursuant to a Rule 10b5-1 plan established with the approval of our Chief Financial Officer or General Counsel. GTC reserves the right to publicly announce Rule 10b5-1 plans and purchases and sales made under those plans if we determine it advisable to do so in order to minimize adverse reaction to insider sales activity.

Insider trades during pension plan blackout periods—applicable to directors and executive officers

During certain blackout periods applied to GTC pension plans (e.g., 401(k) plan), directors and executive officers are prohibited from purchasing, selling or otherwise acquiring or transferring any equity securities of GTC they have acquired or may acquire in connection with their service or employment as a director or executive officer of GTC. To the extent that this prohibition applies to GTC and to you, GTC will promptly notify you of any such restrictions.