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LANNETT COMPANY REPORTS FISCAL 2005 SECOND QUARTER FINANCIAL RESULTS

Philadelphia, PA – February 8, 2005 – Lannett Company, Inc. (Amex: LCI) today reported fiscal 2005 financial results for the three and six months ended December 31, 2004.

Fiscal 2005 Second Quarter, Compared with Fiscal 2004 Second Quarter

- Net sales were $12.9 million, compared with $16.6 million
- The company recorded amortization expense of $1.7 million, in conjunction with the acquisition of exclusive distribution rights to a line of pharmaceutical products, compared with no amortization expense for the same period last year
- Net income was $787,000, or $0.03 per basic and diluted share, compared with $3.8 million, or $0.19 per basic and diluted share

Fiscal 2005 First Six Months, Compared with Fiscal 2004 First Six Months

- Net sales were $27.9 million, compared with $29.8 million
- The company recorded amortization expense of $3.4 million, in conjunction with the acquisition of exclusive distribution rights to a line of pharmaceutical products, compared with no amortization expense for the same period last year
- Net income was $2.1 million, or $0.09 per basic and diluted share, compared with $7.3 million, or $0.36 per basic and diluted share

"Our second quarter financial results were impacted by industry-wide pricing pressure on certain products, as well as an increase in the cost of some raw materials," said Arthur Bedrosian, president of Lannett. "We continue to focus on building our business through an expanded product development program, coupled with in-licensing product candidates on an opportunistic basis. To that end, we recently filed two Abbreviated New Drug Applications (ANDAs), bringing to 11 the number of drug applications pending at the FDA, and have entered into several distribution agreements with strategic partners. As our product applications are approved and we expand our product offerings, we will be better positioned to withstand the competitive pricing pressures typical to our industry."

Commenting on the company's Levothyroxine Sodium tablets, Bedrosian said that, while Lannett's product was granted an AB rating to Levoxyl® in June 2004 and to Synthroid® in December 2004, two competitors had previously been granted AB ratings to both innovator products. "While the delay in receiving the second AB rating has affected our competitive position, we have the strategies in place that we believe will allow us to build market share," Bedrosian said.

For the fiscal 2005 second quarter, gross profit was $5.8 million, or 45% of net sales, compared with $9.9 million, or 60% of net sales, for the fiscal 2004 second quarter. Research and development expenses decreased to $1.0 million from $1.3 million in the second quarter of last year. Selling, general and administrative (SG&A) expenses narrowed to $1.8 million, compared with $2.2 million in second quarter of fiscal 2004. Operating income was $1.4 million, compared with $6.5 million in the fiscal 2004 second quarter. Operating income for the fiscal 2005 second quarter included amortization expense, a non-cash item, of $1.7 million, compared with no amortization expense for the same period last year.

For the first six months of fiscal 2005, gross profit was $13.2 million, or 47% of net sales, compared with $18.3 million, or 62% of net sales, for the first six months of fiscal 2004. Research and development expenses were $2.3 million, compared with $2.1 million in the comparable prior year period. Selling, general and administrative (SG&A) expenses were essentially unchanged at $3.9 million for both the fiscal 2005 and 2004 six month periods. Operating income was $3.6 million, compared with $12.3 million in the first six months of fiscal 2004. Operating income for the fiscal 2005 first six months included amortization expense, a non-cash item, of $3.4 million, compared with no amortization expense for the same period last year.

On January 27, 2005, the company's board of directors announced the authorization of a stock repurchase program. The program authorizes management, at its discretion, to repurchase up to $5 million of the company's outstanding common stock from time to time. "The repurchase program reflects the board's belief that, at current prices, Lannett shares represent an attractive long-term investment for the Company and its shareholders," according to Bedrosian.

About Lannett Company:
Lannett Company, founded in 1942, develops, manufactures, packages, markets and distributes generic pharmaceutical products for a wide range of indications. For more information, visit Lannett Company's website at www.lannett.com.

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