

Arthur P. Bedrosian, Chief Executive Officer

Brian Kearns, Chief Financial Officer

Investor Presentation

February 2009

Safe Harbor Statement

Except for historical facts, the statements in this presentation, as well as oral statements or other written statements made or to be made by Lannett Company, Inc., are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties. For example, statements about the Company's anticipated growth and future operations, the current or expected market size for its products, the success of current or future product offerings, the research and development efforts and the Company's ability to file for and obtain U.S. Food and Drug Administration (FDA) approvals for future products, are forward-looking statements. Forward-looking statements are merely the Company's current predictions of future events. The statements are inherently uncertain, and actual results could differ materially from the statements made herein. There is no assurance that the Company will achieve the sales levels that will make its operations profitable or that FDA filings and approvals will be completed and obtained as anticipated. For a description of additional risks, and uncertainties, please refer to the Company's filings with the Securities and Exchange Commission, including its latest Annual Report on Form 10-KSB and its latest Quarterly Report on Form 10-QSB. The Company assumes no obligation to update its forward-looking statements to reflect new information and developments.



Our Business

Lannett Company develops, manufactures and markets generic pharmaceutical products in tablet, capsule, topical, injectable, ophthalmic and oral liquid forms.



At a Glance

- Founded in 1942, a pioneer in the generic drug industry
- Revenues: \$72.4 million (fiscal 2008)
- Market Cap: ~ \$125 million
- Headquarters: Philadelphia, PA
- NYSE Alternext: LCI
- Employees: ~ 233
- Poised to enter pain management sector
- State-of-the-art manufacturing facilities
- Commitment to R&D



Strong Industry Fundamentals

- Demographics are favorable
 - Generic drug utilization increasing globally
 - Managed care focused on generic drugs
- Generic pharma is an attractive place to invest
 - Pressure to contain costs - ~55% of scripts consumed
 - ~92% of drug therapy dollars spent at retail
 - Increased acceptance of generics by healthcare professionals and consumers
 - Continuing loss of patent protection for branded drugs
 - Future industry consolidation expected

State of the Industry

- Competitive environment (the number of generic manufacturers approved by FDA to market drugs doubled between 1995 and 2005)
- Customer consolidation increasing rapidly
- Generics represent 65% of all scripts in the US
- 75% of Orange Book drugs available as generic
- Pricing pressure on existing products
- Backlog at FDA
 - Slowing product review time
 - Longer delays in ANDA approvals

Recent Company News

- Receives FDA Approval for Ursodiol, [Dec. 08](#)
- Launches Two Products, [Dec. 08](#)
- Receives Patent Approval for Method of Manufacturing, [Oct. 08](#)
- Announces Positive Results of Facilities Inspection, [Oct. 08](#)
- Receives FDA Approval for Doxycycline Tablets, [Aug. 08](#)
- Granted Import License from DEA, [Jul. 08](#)
- Launches Amantadine Hydrochloride Soft Gel Capsules, [Jun. 08](#)
- Remains Major Marketer of Digoxin Tablets, [Apr. 08](#)
- Receives FDA Approval for Dipyridamole Tablets, [Apr. 08](#)
- Receives FDA Approval for Rifampin Capsules, [Mar. 08](#)
- Receives FDA Approval for Bethanechol Chloride Tablets, [Mar. 08](#)
- Encouraged by Levothyroxine Development In Florida, [Feb. 08](#)



Growth Strategies

- Increase market penetration of existing products; launch recently approved products
- Commercialize products in pipeline
- Accelerate development of pain management business
- Increase strategic relationships:
 - Drug development agreements
 - Marketing/distribution alliances
- Develop/acquire products with barriers to entry
- Invest in manufacturing capabilities to produce other dosage forms
- Expand geographically; enter international markets
- Mergers and acquisitions

Growth Opportunity: Strategic Relationships

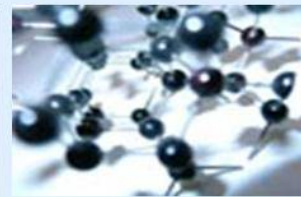
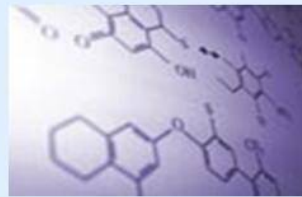
Formed six drug development and/or marketing alliances (India, Israel, Switzerland) since January 2007, which:

- Increase revenues, income
- Expand product pipeline
- Diversify product offering, add dosage forms
- Complement internal drug development efforts
- Mitigate development risk
- Add potential for:
 - Large market opportunity drug involves Patent challenge
 - Access to international markets

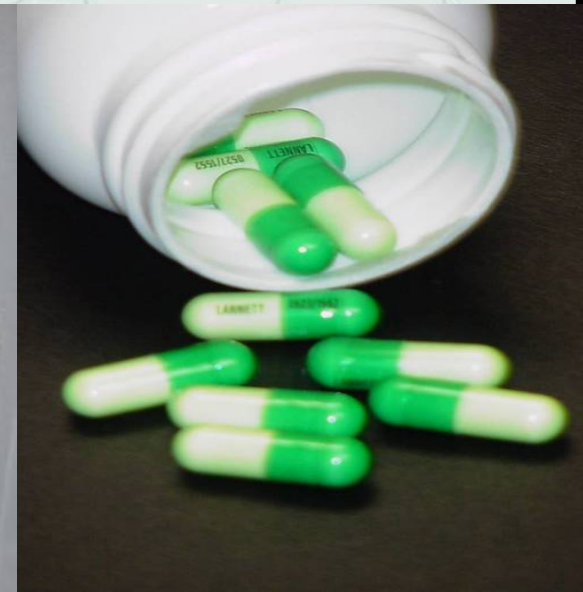
Growth Opportunity: Vertical Integration

Acquisition of API supplier provides:

- Access to custom synthesized raw materials, including certain difficult to source pharmaceutical ingredients
- Capability to manufacture additional dosage forms (topical, oral solutions)
- Enhanced margins, lower manufacturing costs
- Diversified business, expanded customer base
- Expansion into focused generic product lines
- Service Compounding Pharmacies with APIs



Pipeline Review / Product Development Strategy

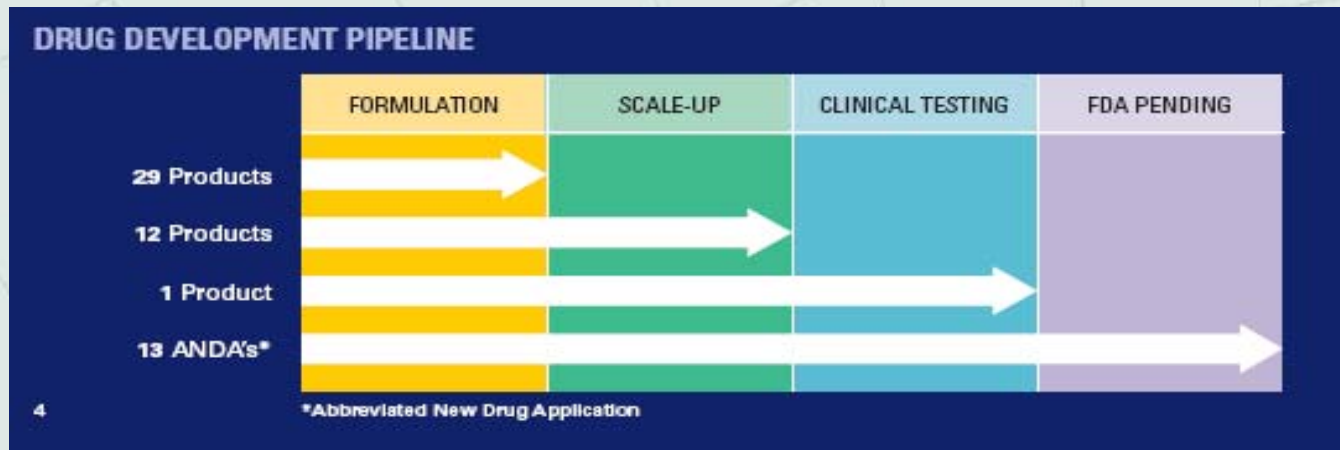


Selection Criteria

- Rigorous process to select product development projects
- Specific considerations include:
 - Pricing and expected margins
 - Overall market opportunity (small/medium)
 - Competitive landscape (# and nature of players)
 - Access to raw materials (API sourcing)
 - Required dosage formulation expertise
 - Required manufacturing capabilities
- Prudent investment in R&D, but still a significant commitment

Products in Development

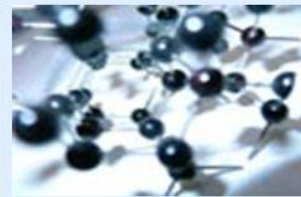
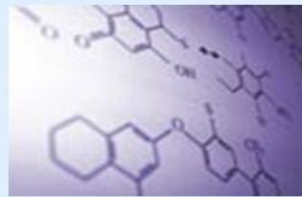
- 13 ANDAs pending at FDA
- More than 42 additional products in various stages of development, including products being developed:
 - internally
 - through collaborations
- Multiple dosage forms: Immediate release tablets, capsules, injectables, ophthalmics, gels, extended release, soft gelatin and orally disintegrating tablets
- Large market opportunity product; possible exclusivity through patent challenge (Paragraph IV Certification)
- Targeted therapeutic markets



Currently Marketed Products

Currently marketing 64 products, 39 of which are produced in-house, including:

- Acetazolamide Tablets
- Amantadine HCl
- Baclofen Tablets
- Bethanechol Chloride Tablets
- Butalbital w/Aspirin & Caffeine Capsules
- Butalbital, Aspirin, Caffeine, Codeine Phosphate Capsules
- Clindamycin HCl Capsules
- Cocaine HCl Topical
- Danazol Capsules
- Dicyclomine HCl Capsule & Tablets
- Digoxin Tablet
- Dipyridamole Tablets
- Doxycycline Hyclate Tablets
- Doxycycline Monohydrate Tablets
- Esterified Estrogens/Methyltestosterone Tablets
- Hydrochlorothiazide Tablets
- Hydromorphone HCl Tablets
- Levothyroxine Sodium Tablets
- Morphine Sulfate Oral Solution
- OB Natal One Soft Gel
- Oxycodone HCl Oral Solution
- Phentermine HCl Tablets & Capsules
- Pilocarpine HCl Tablets
- Primidone Tablets
- Probenecid tablets
- Rifampin Capsules
- Sodium Chloride for Solution
- Terbutaline Sulfate Tablets
- Unithroid Tablets
- Ursodiol Capsules

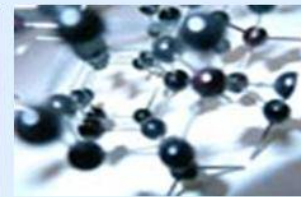
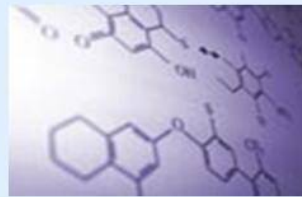


Manufacturing



Manufacturing

- Produce 200 million capsules and tablets per year
- Facility expansion
 - 4 facilities (230,000 sq ft) housing R&D, QC lab, warehouse, admin, APIs, and an offshore stability laboratory
- Capital expenditures:
 - FY 2006 - \$ 5.1 million
 - FY 2007 - \$ 2.5 million
 - FY 2008 - \$ 2.3 million

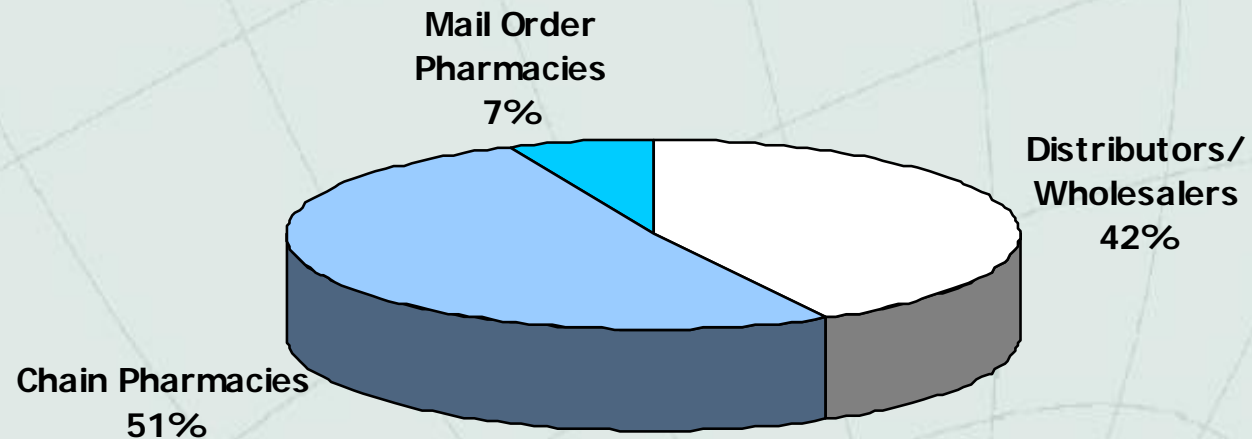


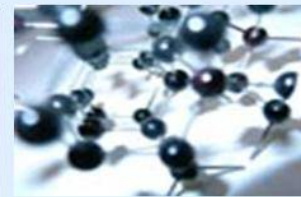
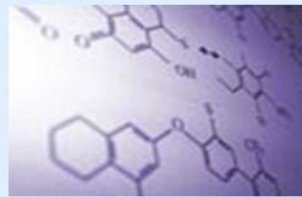
Sales and Marketing

Sales and Marketing

- Deep relationships with customers, built over many years
- Experienced team of direct sales representatives
- Exploring new markets

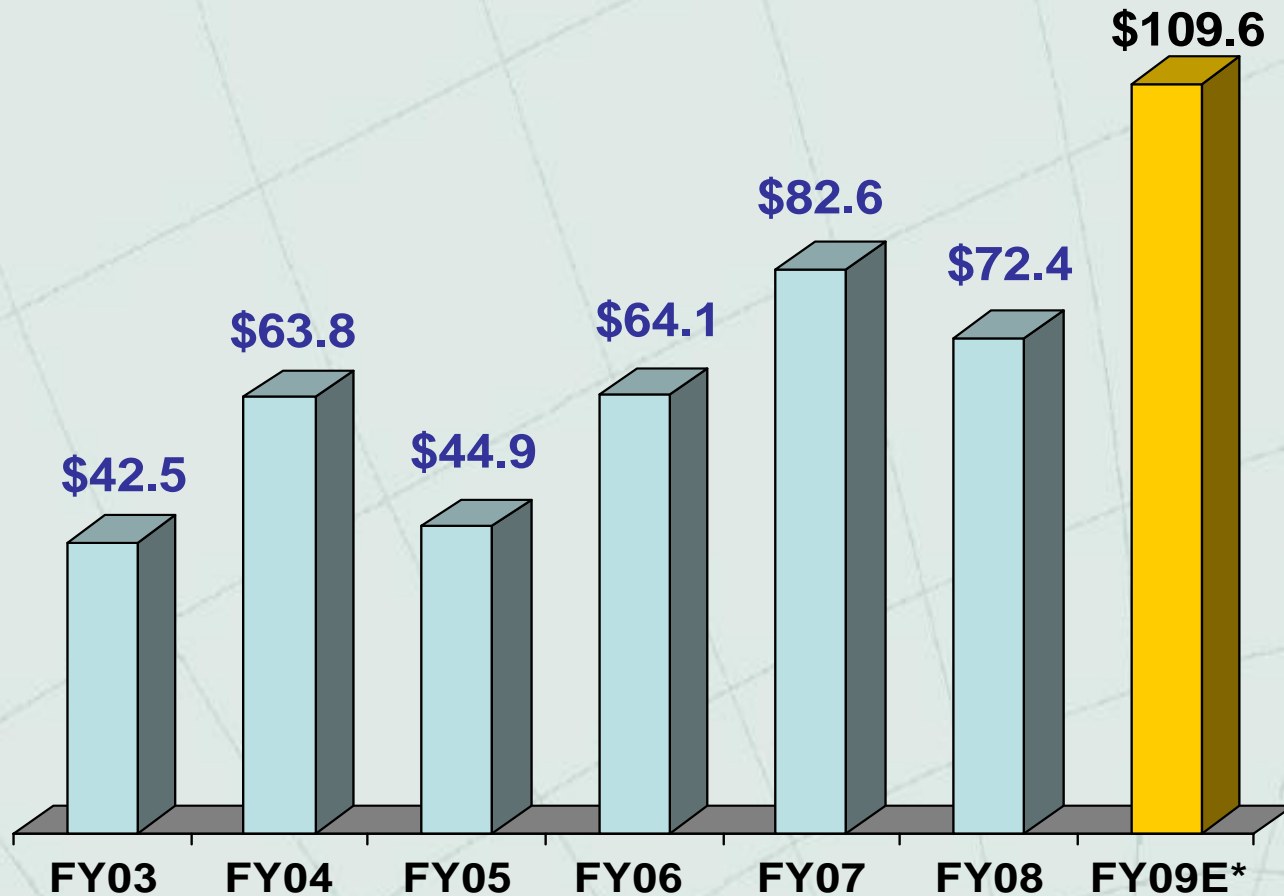
Approximate breakdown by revenue is as follows:





Financial Review

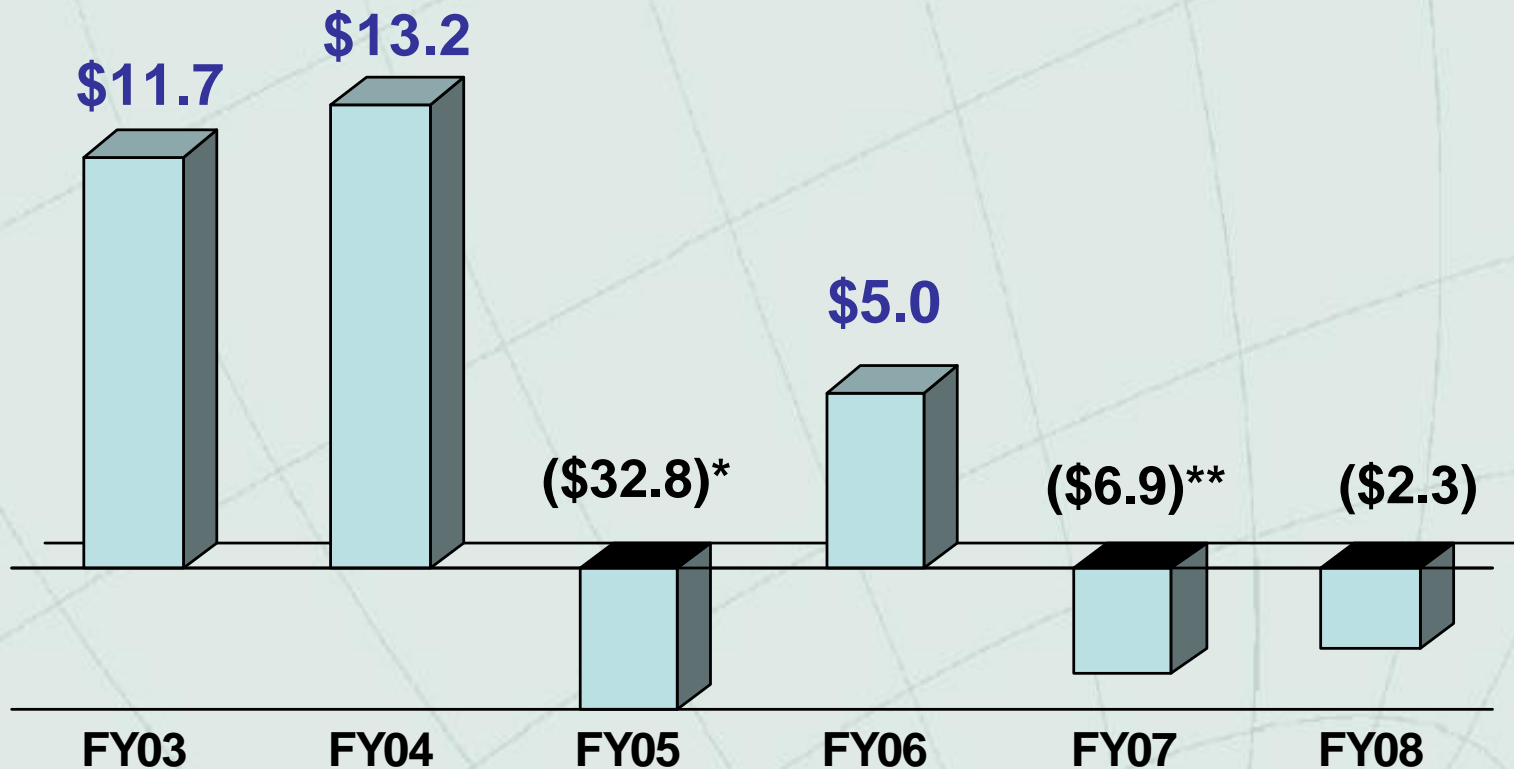
Annual Net Sales



* First six months of fiscal 2009 annualized

Net Income/loss

(\$ millions)

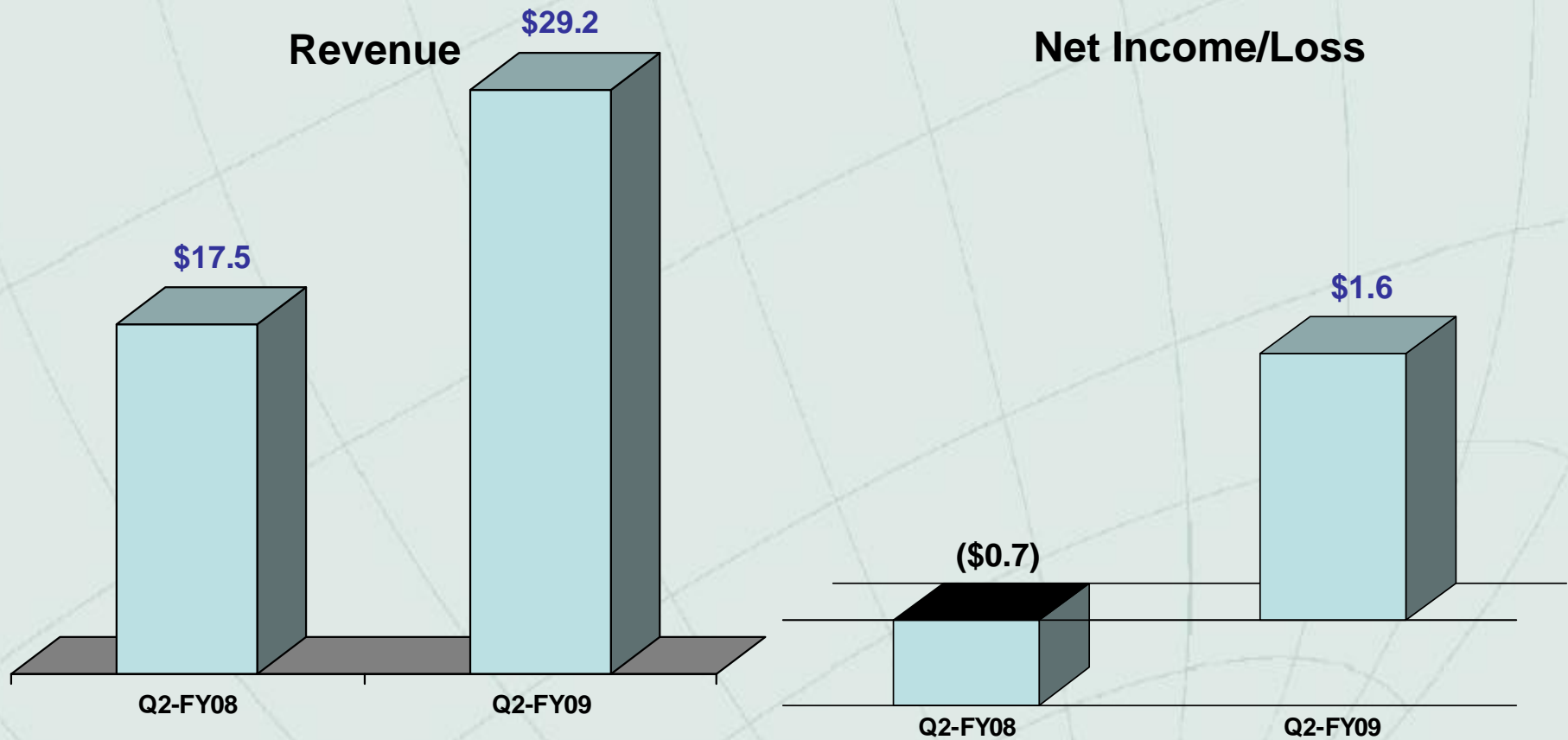


*Fiscal 2005 net loss includes non-cash impairment charge of \$46.1 million.

**Fiscal 2007 net loss includes write down of debt associated with acquisition in April 2007 of a bulk raw materials supplier.

Fiscal 2009 Second Quarter

(\$ millions)



*Includes costs associated with operating recently acquired raw material supplier.

Balance Sheet Highlights

at December 31, 2008

- Cash, marketable securities \$12.8 million
- Working capital \$31.6 million
- Long-term debt \$ 8.0 million
- Shareholders' equity \$73.2 million
- Deferred tax asset \$17.1 million

Management Team

- Management tenure with Company averages ~6 years
- 200+ years of pharmaceutical/healthcare industry experience in aggregate

Management Experience

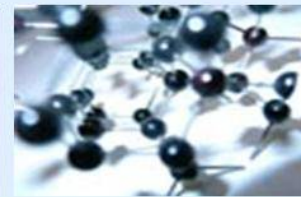
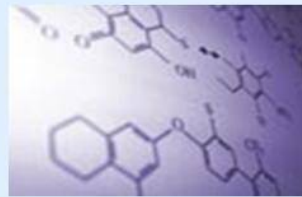
Name	Position	Company	Industry
Arthur P. Bedrosian	President CEO	7	40
Brian Kearns	Chief Financial Officer	4	21
Kevin Smith	Vice President, Sales	7	24
Bernard Sandiford	Vice President, Operations	6	48
William Schreck	Vice President, Logistics	6	39
Ernest Sabo	Vice President Regulatory & Compliance	4	35
Average Years		6	35
Total Years		34	207

Current Capitalization

William Farber stock ownership	8.6 million
Farber Properties Group ownership	5.2 million
JSP ownership	4.0 million
Other	<u>6.8 million</u>
Total shares outstanding	24.6 million
Employee options	
(<i>Common Share Equivalents</i>)	<u>0.1 million</u>
Total fully-diluted shares	24.7 million

Investment Highlights

- Track record of receiving product approvals
- Deep pipeline
- Vertical integration strategy; acquired raw material supplier
- Established several drug development/marketing agreements
- Compelling industry fundamentals
- Improved financial performance; strong balance sheet
- Experienced management team
- Insider ownership, management's interests aligned with investors
- Compliance with all regulatory bodies



LANNETT

Dispense with confidence