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–K and its latest Quarterly Report on Form 10-Q. 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.

With the acquisition of Cody Laboratories we can begin to exploit the poppy plant. We will begin to vertically integrate our pain management product line this fiscal year by extracting opium to produce morphine base API for the manufacturing of finished goods for Lannett as well as for sale to other manufacturers.
Our Mission

**Lannett Mission Statement:**
Lannett is dedicated to providing high quality, cost effective pharmaceutical products that satisfy market expectations for affordable healthcare solutions. We are focused on developing, manufacturing and distributing generic pharmaceuticals. Lannett strives to deliver shareholder value while providing a rewarding work experience for its employees.

**Lannett Vision Statement:**

Lannett will be recognized within the generic pharmaceutical industry as:
- a market leader in revenue growth, while providing shareholder value
- a growth leader in pain management
- a quality service organization that consistently meets customer expectations
- a valued partner in developing and distributing quality products,
- an employer of choice, and
- a strategic company, capitalizing on market opportunities
At a Glance

- Founded in 1942, generic drug industry pioneer
- Revenues: $119 million, FY-09
- Market Cap: ~ $120 million
- Headquarters: Philadelphia, PA
- Employees: ~ 296
- Poised to exploit pain management
- Commitment to R&D
- State-of-the-art manufacturing facilities

NYSE-AMEX: LCI

Of the Top 100 Businesses in Philadelphia in 2009, Lannett was ranked 79th in market cap and 4th in total stock and dividend return.
Management Team

- Management tenure with Company averages ~5 years
- Approximately 174 years of pharmaceutical/healthcare industry experience in aggregate

**Management Experience**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Industry</th>
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</thead>
<tbody>
<tr>
<td>Arthur P. Bedrosian</td>
<td>President &amp; CEO</td>
<td>8</td>
<td>42</td>
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<tr>
<td>Keith Ruck</td>
<td>Chief Financial Officer</td>
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<td>3</td>
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<tr>
<td>Kevin Smith</td>
<td>VP Sales &amp; Marketing</td>
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<td>Stephen J. Kovary</td>
<td>VP Operations</td>
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<tr>
<td>William Schreck</td>
<td>Sr VP &amp; General Manager</td>
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<td>40</td>
</tr>
<tr>
<td>Ernest Sabo</td>
<td>VP Regulatory &amp; Compliance</td>
<td>4</td>
<td>35</td>
</tr>
<tr>
<td><strong>Average Years</strong></td>
<td></td>
<td><strong>4.8</strong></td>
<td><strong>29</strong></td>
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<tr>
<td><strong>Total Years</strong></td>
<td></td>
<td><strong>29</strong></td>
<td><strong>174</strong></td>
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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
- ~92% of drug therapy dollars spent at retail
- 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 75% of all scripts in the US
- 75% of Orange Book drugs available as generic
- Pricing pressure on existing products
- Backlog at FDA
- Challenges to some? Opportunities for us!
Recent Company News

- 05/12/10 - Lannett Company Reports Fiscal 2010 Third Quarter Financial Results...more
- 04/19/10 - Lannett Receives FDA Approval For Ondansetron Injection, USP 2 MG/ML Multi-Dose Vials...more
- 03/11/10 - Lannett to Present at Roth 22nd Annual Orange County Growth Stock Conference...more
- 02/08/10 - Lannett CEO Purchases Shares Of Company In Open Market...more
- 02/08/10 - Lannett Reports Fiscal 2010 Second-Quarter Financial Results...more
- 02/02/10 - Lannett To Submit New Drug Application For Morphine Sulfate Products...more
- 12/10/09 - Lannett Receives FDA Approvals For Hydromorphone Hydrochloride Tablets USP, 2 MG and 8 MG Strengths...more
- 11/20/09 - Lannett To Ring New York Stock Exchange Opening Bell...more
Growth Strategies

- Increase market penetration of existing products; launch recently approved products
- Commercialize products in pipeline pending FDA approval
- Accelerate development of pain management business
- Increase strategic relationships:
  - Drug development agreements and marketing/distribution alliances
  - Expansion of QC laboratories and establishing bio lab overseas
- Develop and acquire products with some barrier to entry
- Invest in manufacturing capabilities to produce other dosage forms
- Expand geographically; enter international markets
- Mergers and acquisitions, product acquisitions, alliances
Growth Strategies

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

- Increased revenues and profits.
- Expanded product pipeline, submissions made and first drug approved others pending.
- Diversified product offering, adding nasal dosage forms
- Complemented internal drug development efforts
- Mitigated development risk
- Added potential for more patent challenges:
  - Large market opportunity drugs and limited suppliers
  - 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

Product Line:
Cody Laboratories can manufacture the following products:

- Butabarbital
- Fentanyl Base
- Fentanyl Citrate
- Glycopyrrolate
- Hydromorphone Hydrochloride*
- Morphine Sulfate
- Phentermine Hydrochloride
- Sufentanil Citrate

*Hydromorphone Hydrochloride produced by Cody Laboratories is used as a USP standard reference
Further Entering the Controlled Substance Market

- The narcotic market in the US offers many opportunities. While some may think these drugs (Opium, Morphine, Codeine, Oxycodone, Hydromorphone, Hydrocodone, Oxycodone, Oxymorphone) are antiquated pain management products, they are well-established pain killers that will evolve into a new generation of products using abuse deterrent technologies.

- In order to succeed in this market, a company must overcome many obstacles, such as annual quotas for APIs, intensive regulatory oversight and intensive labor.

- Today, as some of you know, the abuse of prescription narcotics dwarfs marijuana and cocaine combined. But pain relief, as anyone who has had real excruciating pain understands, has an intrinsic value that will never diminish. We see a great future in the evolution of standard antique pain management products; As they develop non-abuse technologies, an even greater opportunity will come to fruition in the pain management marketplace.
The Controlled Substance Market

- The creation of non-abuse characteristics means wider markets as more of the general population will be prescribed these drugs. Today, physicians are hobbled by DEA restrictions and oversight; They are more concerned about being an over-prescriber than with treating real patients with real pain. The growth in this sector is just now being witnessed by the marketing of King’s Embeda, Purdue’s new Oxycontin and others in phase III trials. The development work undertaken by numerous firms to attempt to eliminate the potential for abuse will expand the market dynamics. The firms prepared to exploit that opportunity will be a vertically integrated manufacturer. We have already begun extensive work with our Israeli colleagues to prepare to introduce generic versions of these new drugs. We see patents that will be vulnerable to the Supreme Court’s KSR decision. We see the marketing of brands in the narcotic area that we have not seen since Oxycontin.

- We believe that by using the narcotics as a gateway to the whole controlled substance market, eventually we will be manufacturing all controlled substances. Concentrating our business in this market will allow us to ignore off shore competition as we see no onslaught of multiple suppliers in this country. With the DEA’s budgetary restraints, approving more manufacturers than is necessary will not be an issue for our business model.
Pipeline Review / Product Development Strategy
Product Development

- 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
- Heavy investment in R&D
- 17 ANDAs pending at FDA
- More than 60 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 and nasal delivery
- Large market opportunity product; possible exclusivity through patent challenges (Paragraph IV Certification)
- Targeted therapeutic markets
Currently marketing 64 products, 39 of which are produced in-house, including:

- Acetazolamide Tablets
- Amantadine HCl Soft Gel Capsules
- 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
- Probencid tablets
- Probencid tablets
- Probenecid tablets
- Probenecid tablets
- Rifampin Capsules
- Sodium Chloride for Solution
- Terbutaline Sulfate Tablets
- Unithroid Tablets
- Ursodiol Capsules
Levothyroxine is an old drug. It is also a narrow therapeutic index drug. When the innovator had serious and continuing recalls, the FDA mandated New Drug Applications for this previously “Grandfathered” SYNTHROID drug. Jerome Stevens filed and received the first NDA approval by the statutory deadline; beating out the innovator Abbott’s Synthroid and King’s Levoxyl. Regrettably, the FDA allowed additional time for King and even more when they refused Abbott’s Citizen’s petition challenge to the NDA requirement. As you can see from the scoreboard, JSP’s Unithroid has never had a recall, they never had a product withdrawal, they never had a batch failure; They make the best Levothyroxine drug on the market today and have done so for nearly 20 years. Abbott has fought to keep this very profitable drug on the market. Where generics normally capture 90% of the market immediately upon launching the generic, Levothyroxine was a slower. Today, generics still only have 55% of the market and annually we bring the innovator’s numbers down with the benefit accruing to Lannett and Mylan - the two dominant suppliers today. We expect further encroachment against Synthroid and Levoxyl annually.
Unusual opportunities presented themselves to Lannett during the past fiscal year. The innovator drug Lanoxin brand of Digoxin tablets USP is available from four approved generic sources. One of these, the former Amide, now known as Actavis Totowa, sold their drug exclusively to Mylan, who branded the generic and sold it under the Digitek brand.

Last year, the generic market share breakdown was 14% for Lannett, 61% for Actavis/Mylan’s Digitek, 17% for Caraco and 8% for Westward. Actavis Totowa encountered severe cGMP issues with obese tablets prompting a class one recall to the consumer level by Mylan wiping out their market share.

The active pharmaceutical ingredient for Digoxin is made by two German firms Boehringer and Roche. Both were unable to supply for a few months. A critical shortage ensued and there was no substitute for this narrow therapeutic index drug. With our industry connections, we were able to locate API for our alliance partners JSP, and in less than one month, we alleviated the shortage in Digoxin, captured 61% more of the market bringing our market share to 75%. Within six months, Caraco had a similar situation of obese tablets and recalled their Digoxin from the consumer in a class one recall. Lannett subsequently captured their 17% market share. In July 2009, Impax received their approval for Digoxin but as of this presentation, have not launched the drug.
Manufacturing

Produce ~270 million capsules and tablets per year

Facility expansion: 4 facilities (~250,000 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
- FY2009 - $ 1.6 million
- FY 2010 (planned) - $14.6 million
Deep relationships with customers, built over many years
- Experienced team of direct sales representatives
- Exploring new markets

Approximate breakdown by revenue is as follows:

- Chain Pharmacies: 51%
- Distributors/Wholesalers: 42%
- Mail Order Pharmacies: 7%
Exploiting All Distribution Channels

Drug Chains 30%

Mail Order Pharmacies 30%

Distributors/Wholesalers 25%

Manufacturers, Clinics, HMOs, GPOs, Managed Care, Government, Independent Pharmacies
Annual Net Sales

FY05: $44.9
FY06: $64.1
FY07: $82.6
FY08: $72.4
FY09: $119.0
Net Income/loss

($ millions)

FY03 FY04 FY05 FY06 FY07 FY08 FY09

$11.7 $13.2 ($32.8)* $5.0 ($6.9)** ($2.3) $6.5

*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 2010 Nine months ended March 31

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<tr>
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<th>FY2009</th>
<th>FY2010</th>
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<td>Revenue</td>
<td>$83.6</td>
<td>$91.4</td>
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<tr>
<td>Net Income</td>
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($ millions)
Balance Sheet Highlights at March 31, 2010

- Cash, marketable securities: $19.9 million
- Working capital: $37.8 million
- Long-term debt: $7.9 million
- Shareholders’ equity: $85.6 million
- Deferred tax asset: $16.7 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