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## **LANNETT REPORTS FISCAL 2007 THIRD-QUARTER FINANCIAL RESULTS**

**Philadelphia, PA – May 7, 2007** – Lannett Company, Inc. (AMEX: LCI) today reported financial results for the fiscal 2007 third quarter and nine months ended March 31, 2007.

For the third quarter of fiscal 2007, net sales were \$20.3 million, compared with \$15.7 million for the fiscal 2006 third quarter. Net income was \$0.2 million, or \$0.01 per basic and diluted share. This compares with fiscal 2006 third quarter net income of \$1.3 million, or \$0.05 per basic and diluted share.

For the nine months ended March 31, 2007, net sales were \$65.2 million, compared with \$44.6 million for the same period in the prior year. Net income was \$2.8 million, or \$0.12 per basic and diluted share. This compares with the prior year period net income of \$4.1 million, or \$0.17 per basic and diluted share.

“We have successfully grown our top line with increased sales of distributed products, as a result of the strategic alliances formed since the beginning of last year,” said Arthur Bedrosian, president and chief executive officer of Lannett. “However, sales of in-house manufactured products, which typically carry higher margins, have been restrained due to the delays we continue to experience in receiving drug approvals from the FDA. We fully expect our pending product applications to eventually be approved by the FDA. In the meantime, we are devoting increased resources to expanding our pipeline with an active drug development program.”

For the third quarter of fiscal 2007, gross profit was \$6.3 million, or 31% of net sales, compared with \$6.3 million, or 40% of net sales, in the third quarter of fiscal 2006. Research and development expenses increased to \$2.3 million from \$1.3 million in the same period of fiscal 2006. SG&A expenses were \$3.2 million, compared with \$2.6 million, in last year’s third quarter. Amortization expense was \$0.4 million for the third quarter of both fiscal 2007 and 2006.

For the nine months ended March 31, 2007, gross profit was \$21.1 million, or 32% of net sales, compared to \$20.3 million, or 46% of net sales, for the same period in the prior year. Research and development expenses increased to \$5.6 million from \$4.8 million in the same period of the prior year. SG&A expenses increased to \$9.5 million, compared with \$7.3 million, in the same period last year. Amortization expense was \$1.3 million for the first nine months of both fiscal 2007 and 2006.

### **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 the company’s website at [www.lannett.com](http://www.lannett.com).

This news release contains certain statements of a forward-looking nature relating to future events or future business performance. Any such statements, including, but not limited to, pending ANDAs and products in various stages of development, whether expressed or implied, are subject to risks and uncertainties which can cause actual results to differ materially from those currently anticipated due to a number of factors which include, but are not limited to, the difficulty in predicting the timing or

outcome of FDA or other regulatory approvals or actions, the ability to successfully commercialize products upon approval, Lannett's estimated or anticipated future financial results, future inventory levels, future competition or pricing, future levels of operating expenses, product development efforts or performance, and other risk factors discussed in the company's Form 10-K and other documents filed with the Securities and Exchange Commission from time to time. These forward-looking statements represent the company's judgment as of the date of this news release. The company disclaims any intent or obligation to update these forward-looking statements.

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**FINANCIAL TABLES FOLLOW**