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LANNETT REPORTS FISCAL 2007 SECOND-QUARTER FINANCIAL RESULTS

Philadelphia, PA – February 7, 2007 – Lannett Company, Inc. (AMEX: LCI) today reported financial results for the fiscal 2007 second quarter and six months ended December 31, 2006.

For the second quarter of fiscal 2007, net sales were \$22.9 million, compared with \$15.2 million for the fiscal 2006 second quarter. Net income was \$1.1 million, or \$0.04 per basic and diluted share, including equity-based compensation expense of \$0.2 million, net of tax benefit, or \$0.01 per basic and diluted share. This compares with net income of \$1.3 million, or \$0.05 per basic and diluted share, including equity-based compensation expense of \$0.3 million, net of tax benefit, or \$0.01 per basic and diluted share. Equity-based compensation expense was adopted at the beginning of fiscal year 2006 in accordance with the Statement of Financial Accounting Standards No. 123R.

For the six months ended December 31, 2006, net sales were \$44.9 million, compared with \$28.9 million for the same period in the prior year. Net income was \$2.6 million, or \$0.11 per basic and diluted share, including an equity-based compensation expense of \$0.3 million, net of tax benefit, or \$0.01 per basic and diluted share. This compares with net income of \$2.9 million, or \$0.12 per basic and diluted share, including an equity-based compensation expense of \$0.5 million, net of tax benefit, or \$0.02 per basic and diluted share.

“Our financial performance was largely driven by a significant increase in sales of distributed products,” said Arthur Bedrosian, president and chief executive officer of Lannett. “While net sales rose more than fifty percent, this change in product mix, combined with pricing pressure on certain of our manufactured products, led to lower gross margins. Research and development expenses, which were lower in the recently completed quarter, are expected to resume to near historical levels. While we have a robust pipeline with 19 ANDAs pending at the FDA, the delays we are experiencing in receiving approvals is significantly hurting our ability to increase our sales of in-house manufactured products. Since we expect the FDA to eventually approve these ANDAs, we continue our R&D spend and have an additional 75 products in various stages of development, which should bode well for the company’s future.”

For the second quarter of fiscal 2007, gross profit was \$5.7 million, or 25% of net sales, compared with \$7.2 million, or 47% of net sales, in the second quarter of fiscal 2006. Research and development expenses decreased to \$1.5 million from \$2.4 million in the same period of fiscal 2006. SG&A expenses were \$2.0 million, including \$0.3 million of equity-based compensation expense, down from \$2.2 million, including \$0.4 million of equity based compensation expense, in last year’s second quarter. Amortization expense was \$0.4 million for the second quarter of both fiscal 2007 and 2006.

For the six months ended December 31, 2006, gross profit was \$14.8 million, or 33% of net sales, compared to \$13.9 million, or 48% of net sales, for the same period in the prior year. Research and development expenses decreased to \$3.3 million from \$3.6 million in the same period of the prior year. SG&A expenses increased to \$6.3 million, including \$0.5 million of equity-based compensation expense, compared with \$4.8 million, including \$0.7 million of equity-based compensation expense, in the same period last year. Amortization expense was \$0.9 million for the first six 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.

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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