



Contacts: Robert Jaffe/Evan Pondel
PondelWilkinson Inc.
(310) 279-5980

LANNETT REPORTS FISCAL 2008 FOURTH QUARTER, FULL-YEAR FINANCIAL RESULTS

Philadelphia, PA – September 29, 2008 – Lannett Company, Inc. (AMEX: LCI) today reported financial results for the fiscal 2008 fourth quarter and full year ended June 30, 2008.

For fiscal 2008, net sales were \$72.4 million compared with \$82.6 million for fiscal 2007. Gross profit was \$16.3 million, compared with \$21.4 million for the same period in the prior year. Research and development expenses decreased to \$5.2 million from \$7.5 million in the comparable prior year period. SG&A expenses increased to \$16.6 million from \$12.2 million in the same period last year. Net loss was \$2.3 million, or \$0.10 per share, compared with net loss of \$6.9 million, or \$0.29 per share, for the prior year, which included a \$7.8 million write-down of debt associated with the acquisition in April 2007 of a bulk raw materials supplier.

The company said that during the year it significantly expanded its product offering with FDA approval for six products. And, the U.S. Drug Enforcement Administration (DEA) granted Lannett's wholly owned subsidiary, Cody Laboratories, an import license, which further diversifies the company's portfolio by allowing it to enter the pain management market, which has few competitors and favorable demographics.

For the fourth quarter of fiscal 2008, net sales were \$20.7 million compared with \$17.4 million for the same period of the prior year. Gross profit was \$2.9 million, essentially unchanged from the same period in the prior year. Research and development expenses decreased to \$1.5 million from \$1.9 million in the comparable prior year period. SG&A expenses increased to \$4.1 million compared with \$3.3 million in the same period last year. Net loss, which included an income tax benefit of \$2.6 million, was \$277,506, or \$0.01 per share, compared with net loss of \$2.6 million, or \$0.27 per share, for the prior year fourth quarter.

“Our fourth quarter financial results were impacted by costs associated with accepted returns of one of our products,” said Arthur Bedrosian, president chief executive officer of Lannett. “We are optimistic about our ability to re-launch this product. SG&A expenses increased significantly in the fiscal 2008 fourth quarter and full year, due to the April 2007 acquisition of Cody Labs. We are optimistic that Cody Labs' will add meaningful value to Lannett's operations over the long term.

“Sales of Digoxin were strong in the fiscal 2008 fourth quarter, and we continue to work closely with the FDA to ensure a safe and uninterrupted supply of this important heart medication in the U.S., following the FDA's announced recall of the Digitek ® brand version of this product.”

About Lannett Company, Inc.:

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, the future financial performance of Cody Laboratories, 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.

#

FINANCIAL TABLES FOLLOW