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LANNETT COMPANY SIGNS SUPPLY AGREEMENT WITH BANNER PHARMACAPS

Philadelphia, PA – January 9, 2007 – Lannett Company, Inc. (AMEX: LCI), a manufacturer of generic pharmaceuticals, today announced the signing of a supply agreement with Banner Pharmacaps, Inc.

Under the terms of the agreement, Banner will supply Lannett with a certain pharmaceutical product, sales of which were approximately \$54 million in 2005, for Lannett's distribution and sale in the U.S. The Abbreviated New Drug Application (ANDA) for this product is expected to be filed shortly. Several other generic drug manufacturers currently are marketing this product.

About Banner Pharmacaps, Inc.:

Banner is a global company that researches, develops and manufactures drug delivery technologies and proprietary healthcare products. With state-of-the-art, FDA-approved manufacturing facilities and significant investment in research and development, Banner provides innovative oral delivery solutions and unique products to the health care industry worldwide. A wholly owned subsidiary of Sobel N.V., Banner has operations in the United States, Canada, Europe, Latin America and Asia-Pacific. Sobel is headquartered in Best, The Netherlands, and is part of the non-listed Dutch multinational Best Agrifund with revenue of about EURO 6.0 Billion (USD 7.2 Billion) and more than 15,000 employees.

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 Lannett 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 filing of an ANDA for the new Banner product, 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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