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**LANNETT ANNOUNCES MULTI-SERVICES AGREEMENT  
WITH SUNSHINE LAKE LLC, A U.S. SUBSIDIARY OF HEC PHARM GROUP**

**Philadelphia, PA – May 12, 2014** – Lannett Company, Inc. (NYSE: LCI) today announced that it has entered into distribution and contract manufacturing services agreements with Sunshine Lake LLC, the U.S. subsidiary of the HEC Pharm Group (HEC) of Shenzhen, Guangdong Province, China.

Under terms of the distribution agreement, Lannett will be the exclusive distributor in the U.S. for Sunshine Lake's Zidovudine generic pharmaceutical product in finished dosage form. Zidovudine Tablets 300 mg was launched by Lannett last week. According to IMS, full year 2013 total sales of Zidovudine Tablets 300 mg, the generic equivalent of Retrovir<sup>®</sup>, a registered trademark of GlaxoSmithKline, at Average Wholesale Price (AWP) were approximately \$4.5 million. The intention of the parties is to add additional products from time to time, and may include a number of ANDAs currently pending at FDA, as well as future filings.

The companies have also agreed to co-develop, over the next three years, 25 dosage formulations, with Sunshine Lake providing management services and expertise to scale up and commercialize products at Lannett's Philadelphia, PA facilities. Sunshine Lake offered to provide contract manufacturing services and serve as the distributor in China for certain Lannett products. In addition, as an active pharmaceutical ingredient (API) manufacturer, Sunshine Lake has also offered their experience, staff and expertise to help accelerate API development at Lannett's Cody Laboratories facility.

"Lannett is a leading U.S. developer and manufacturer of generic pharmaceuticals, with a growing pain management business. We believe our goals, objectives and areas of expertise are aligned and complement those of Lannett. This agreement creates new revenue streams for both companies' future growth," said Jeffrey Weiss, President of Sunshine Lake.

"This collaboration provides Lannett the perfect opportunity to add products to its portfolio, lower production costs, expand its pain management franchise and, possibly, enter the China market," said Arthur Bedrosian, president and chief executive officer of Lannett. "With a premier sales force in China and expertise in formulating APIs, we believe HEC is the perfect strategic partner to help significantly grow our business."

**About HEC Pharm Group:**

HEC Pharm Group is a subsidiary of HEC Group, a multi-billion (US) dollar conglomerate, and one of the top 50 private enterprises in China. HEC Pharm was established in 2002 and has become one of the most innovative pharmaceutical companies in China. HEC Pharm has established a premier sales force in China that is expected to double in size to 3,000 by 2017. Its four manufacturing sites in China have received China, U.S. and EU GMP certification; EU authority and US FDA have approved a growing number of the company's APIs and formulations. HEC Pharm is the largest and most advanced manufacturing base for quality macrolides production in the world.

**About Lannett Company, Inc.:**

Lannett Company, founded in 1942, develops, manufactures, packages, markets and distributes generic pharmaceutical products for a wide range of medical 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, successfully commercializing Zidovudine 300 mg Tablets and HEC Pharm Group's other pharmaceutical products, lowering production costs and expanding into the China market, 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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