

**LANNETT COMPANY, INC.  
FOR AUGUST 10, 2004 RELEASE**

***Lannett Company, Inc. Reports on Events in Fiscal Year 2004***

PHILADELPHIA, PA – August 10, 2004 – LANNETT COMPANY, INC. (AMEX: LCI) releases a statement regarding events that have occurred during its fiscal year ended June 30, 2004.

On February 6, 2004, William Farber (Farber), the Company's majority shareholder, entered into an agreement (the Agreement) with Perrigo Company, Inc. (Perrigo) which would have allowed Perrigo to acquire all of the stock owned by Farber and his wife, which represents a majority of the Company's outstanding stock. The Agreement expired on August 6, 2004 as Perrigo decided not to exercise the option under the Agreement to acquire the shares owned by Farber. The Company has not strayed from its strategic plan for continued growth in the future, assembling a staff of dedicated managers with specialized expertise in key areas.

During Fiscal 2004, Lannett continued to invest a portion of its profits into R&D. The Company has succeeded in accomplishing key milestones in its R&D program. This includes the submission of five (5) Abbreviated New Drug Applications (ANDAs) over the past year. The Company also expects to file four more ANDAs over the next month. This would bring the current number of ANDAs or ANDA supplements filed at the Food and Drug Administration (FDA) up to ten (10). Several of Lannett's additional generic drug products are in development stages prior to submission to the FDA. The Company expects to continue the development of these drugs and to ultimately submit more ANDAs to the FDA for marketing approval.

On June 23, 2004, Jerome Stevens Pharmaceutical, Inc. (JSP) received a letter from the FDA approving its supplemental application for bioequivalence to Levoxyl®, which is a brand name innovator drug for levothyroxine sodium tablets, a generic product that Lannett markets and distributes for JSP. JSP also received a non-approvable letter from the FDA for its supplemental application for bioequivalence to Synthroid®, which is the largest brand name innovator drug for levothyroxine

sodium tablets. The Company learned that at least two other generic pharmaceutical companies received approval from the FDA for bioequivalence ratings to Synthroid®. JSP has appealed the FDA's decision to not approve its supplemental application for bioequivalence to Synthroid®, and hopes that it will receive the approval shortly.

The Company acquired a new facility in November 2003 approximately one mile from its headquarters in Philadelphia, PA. The new facility has been substantially renovated, and the Company expects to move a significant portion of its employees before the end of the calendar year 2004. The Company is planning to move the operations currently performed at a 24,000 square feet, leased facility in Bensalem, PA and a portion of the employees from the Company's headquarters to the new plant. The Company has no present intention to renew the lease on its facility in Bensalem. The new facility will contain the laboratories, the distribution warehouse, certain administrative departments, including sales, regulatory affairs and accounting, and eventually, the packaging lines. The new facility is approximately 62,000 square feet, which brings the total property owned by the Company to approximately 95,000 square feet, in two locations. This new facility will ease overcrowding, provide more space for several departments and offer adequate space for future growth.

The Company successfully implemented its Enterprise Resource Planning (ERP) system in nine months as it converted to the SAP solution for pharmaceutical manufacturers. The system conversion will allow the Company to improve its operational efficiency, automate its information process and expand its customer service and fulfillment capabilities. Additionally, the new ERP system will allow the Company to retain the control and integrity of its information systems as it grows in the future. SAP, the largest ERP software provider in the world and the most frequently used ERP for pharmaceutical manufacturers, has informed the Company that it will be featured in a promotional story regarding a successful Company-wide implementation of the SAP solution on schedule and within budget parameters.

The Company expects to report its results of operations for its fourth quarter and fiscal year ending June 30, 2004 before Friday, August 20, 2004.

**This press release contains certain statements of a forward-looking nature relating to future events or future business performance. Any such statements that refer to 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, or other non-historical facts are forward-looking and reflect Lannett's current perspective of existing trends and information. These statements involve risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the uncertainty that actual results may differ materially from the preliminary results described in this press release, rates of sale of customer inventories, the success of Lannett's product development activities and the timeliness with which regulatory authorizations and product roll-out may be achieved, market acceptance of Lannett's products and the impact of competitive products and pricing, the availability on commercially reasonable terms of raw materials and other third party sourced products, successful compliance with extensive, costly, complex and evolving governmental regulations and restrictions, exposure to product liability and other lawsuits and contingencies, and other risks and uncertainties detailed in Lannett's most recent filings with the Securities and Exchange Commission, including but not limited to: Lannett's Annual Report and Form 10-KSB for the year ended June 30, 2003.**

The Company's common stock trades on the American Stock Exchange under the symbol "LCI". For more information please call Investor Relations at 215/333-9000.

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