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LANNETT REPORTS STRONG FISCAL 2013 FIRST QUARTER FINANCIAL RESULTS

Philadelphia, PA – November 8, 2012 – Lannett Company, Inc. (NYSE MKT: LCI) today reported financial results for the fiscal 2013 first quarter ended September 30, 2012.

For the first quarter of fiscal 2013, net sales rose 22% to \$35.3 million from \$28.9 million for the same quarter last year. Gross profit climbed 58% to \$13.6 million from \$8.6 million for the fiscal 2012 first quarter. As a percentage of net sales, gross margin was 39% compared with 30% for the fiscal first quarter of last year. Research and development (R&D) expenses were \$3.8 million compared with \$2.4 million in the fiscal 2012 first quarter. Selling, general and administrative (SG&A) expenses were \$6.2 million, compared with \$4.7 million in the same quarter of the prior year. Operating income more than doubled to \$3.7 million compared with \$1.4 million for the first quarter of fiscal 2012. Net income attributable to Lannett Company was \$2.9 million, or \$0.10 per diluted share, which included a favorable litigation settlement of \$1.3 million and other non-operating items, equal to \$0.03 per diluted share. This compares with net income attributable to Lannett Company for the prior year first quarter of \$206,000, or \$0.01 per share, which included non-operating expenses equal to \$0.02 per diluted share.

“Our positive momentum continued into the fiscal 2013 first quarter, with strong net sales resulting in higher gross margin, operating income and net income compared with any of the previous four quarters,” said Arthur Bedrosian, president and chief executive officer of Lannett. “Our strong operating performance was driven by solid sales of our base business and recently approved drugs. In order to drive our future growth, we have ramped up our investment in R&D, which we anticipate will pay off handsomely in terms of expanding our product portfolio with higher revenue and higher margin products than we typically enjoy. In addition, we have expanded the product development and manufacturing capabilities of our pain management business; this will allow us, over time, to add active pharmaceutical ingredients (APIs) and final dosage forms to our portfolio.”

Conference Call Information and Forward-Looking Statements

Later today, the company will host a conference call at 4:30 p.m. ET to review its results of operations for the fiscal 2013 first quarter ended September 30, 2012. The conference call will be available to interested parties by dialing 866-813-5647 from the U.S. or Canada, or 847-619-6249 from international locations, passcode 33664467. The conference call will also be available through a live audio Internet

broadcast at www.lannett.com. A playback of the call will be archived and accessible at this site for at least three months.

Discussion during the conference call may include forward-looking statements regarding such topics as, but not limited to, the company's financial status and performance and regulatory and operational developments, and any comments the company may make about its future plans or prospects in response to questions from participants on the conference call.

About Lannett Company, Inc.:

Lannett Company, founded in 1942 and celebrating its 70th anniversary, 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, expected product approvals, the successful commercialization of products in development, product applications pending at the FDA and recently approved products, 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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FINANCIAL TABLES FOLLOW

LANNETT COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except for share and per share data)

| | Three months ended September 30, | |
|---------------------------------------------------------|---------------------------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> |
| Net sales | \$ 35,294 | \$ 28,878 |
| Cost of sales | 21,164 | 19,742 |
| Amortization of intangible assets | 471 | 468 |
| Product royalties | <u>33</u> | <u>52</u> |
| Gross profit | 13,626 | 8,616 |
| Research and development expenses | 3,764 | 2,426 |
| Selling, general, and administrative expenses | <u>6,171</u> | <u>4,745</u> |
| Operating income | <u>3,691</u> | <u>1,445</u> |
| Other income (expense): | | |
| Foreign currency gain | 3 | 5 |
| Gain on sale of assets | 70 | 7 |
| Realized loss on investments | (36) | (173) |
| Unrealized gain (loss) on investments | 270 | (826) |
| Litigation settlement | 1,250 | - |
| Interest and dividend income | 35 | 53 |
| Interest expense | <u>(63)</u> | <u>(77)</u> |
| | <u>1,529</u> | <u>(1,011)</u> |
| Income before income tax expense | 5,220 | 434 |
| Income tax expense | <u>2,277</u> | <u>212</u> |
| Net income | 2,943 | 222 |
| Less net income attributable to noncontrolling interest | <u>(17)</u> | <u>(16)</u> |
| Net income attributable to Lannett Company, Inc. | <u><u>\$ 2,926</u></u> | <u><u>\$ 206</u></u> |
| Earnings per common share - Lannett Company, Inc.: | | |
| Basic | \$ 0.10 | \$ 0.01 |
| Diluted | \$ 0.10 | \$ 0.01 |
| Weighted average number of shares outstanding: | | |
| Basic | 28,278,514 | 28,431,733 |
| Diluted | 28,469,224 | 28,686,644 |

LANNETT COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

| | (Unaudited) September 30, 2012 | June 30, 2012 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 26,361 | \$ 22,562 |
| Investment securities | 5,010 | 6,667 |
| Trade accounts receivable (net of allowance of \$173 and \$124, respectively) | 42,057 | 42,212 |
| Inventories, net | 27,606 | 27,064 |
| Income taxes receivable | - | 2,120 |
| Deferred tax assets | 4,914 | 4,833 |
| Other current assets | 2,083 | 1,023 |
| Total Current Assets | 108,031 | 106,481 |
| Property, plant and equipment, net | 36,811 | 37,068 |
| Intangible assets, net | 3,958 | 4,429 |
| Deferred tax assets | 8,853 | 9,069 |
| Other assets | 1,167 | 1,171 |
| TOTAL ASSETS | \$ 158,820 | \$ 158,218 |
| <u>LIABILITIES</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 12,640 | \$ 17,989 |
| Accrued expenses | 1,899 | 1,518 |
| Accrued payroll and payroll related | 2,338 | 3,198 |
| Income taxes payable | 1,679 | - |
| Current portion of long-term debt | 651 | 648 |
| Rebates, chargebacks and returns payable | 18,313 | 17,039 |
| Total Current Liabilities | 37,520 | 40,392 |
| Long-term debt, less current portion | 6,385 | 6,513 |
| TOTAL LIABILITIES | 43,905 | 46,905 |
| Commitment and Contingencies | | |
| <u>SHAREHOLDERS' EQUITY</u> | | |
| Common stock - authorized 50,000,000 shares, par value \$0.001; issued, 28,707,574 and 28,594,437 shares, respectively; outstanding, 28,297,233 and 28,252,192 shares, respectively | 29 | 29 |
| Additional paid in capital | 100,467 | 99,515 |
| Retained earnings | 16,162 | 13,236 |
| Accumulated other comprehensive (loss) | (22) | (63) |
| Treasury stock at cost - 410,341 and 342,245 shares, respectively | (1,928) | (1,594) |
| Total Shareholders' Equity Attributable to Lannett Company, Inc. | 114,708 | 111,123 |
| Noncontrolling interest | 207 | 190 |
| TOTAL SHAREHOLDERS' EQUITY | 114,915 | 111,313 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 158,820 | \$ 158,218 |