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LANNETT REACHES SPECIAL PROTOCOL ASSESSMENT AGREEMENT WITH FDA FOR COCAINE HCl PHASE III TRIAL

Philadelphia, PA – **January 4, 2012** – Lannett Company, Inc. (NYSE AMEX: LCI) today announced that it has reached agreement with the U.S. Food and Drug Administration (FDA) on a Special Protocol Assessment (SPA), regarding the design of a Phase III study of the company's Cocaine HCl topical solution product, C-Topical™.

The Phase III trial will be a randomized, prospective, multi-site, double-blind, placebo-controlled, parallel-group study of C-Topical™ Solution as an anesthetic prior to a diagnostic procedure or surgery. The primary endpoint for the trial is analgesic success immediately after application and sustained throughout the diagnostic procedure or surgery. The study will enroll at least 500 subjects.

"The SPA agreement provides a clear registration pathway for our C-Topical product, and demonstrates exemplary collaboration and cooperation between the FDA and Lannett," said Arthur P. Bedrosian, president and chief executive officer of Lannett. "We expect the clinical trial to be completed, and to file a related 505(b)(2) New Drug Application (NDA) in 2012. With this milestone, we can now look forward to realizing the first of many future benefits of our newly-formed clinical trial operations group within Lannett."

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, completing the Phase III trial and filing a related 505(b)(2) New Drug Application (NDA) in 2012, 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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