Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2015

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 333-169785

LANTHEUS MEDICAL IMAGING, INC.
(Exact name of registrant as specified in its charter)

Delaware	**51-0396366**
(State of incorporation)	**(IRS Employer Identification No.)**
331 Treble Cove Road, North Billerica, MA	**01862**
(Address of principal executive offices)	**(Zip Code)**

(978) 671-8001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act) Yes ☐ No ☒

The registrant had one thousand shares of common stock, $0.01 par value per share, issued and outstanding as of May 5, 2015.

Table of Contents

EXPLANATORY NOTE

The registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the preceding 12 months but is not subject to such filing requirements.

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)

(unaudited, in thousands)

	For the Three Months Ended March 31,	
	2015	2014
Revenues	$ 74,823	$ 73,336
Cost of goods sold	39,054	43,275
Gross profit	35,769	30,061
Operating expenses		
Sales and marketing expenses	9,072	9,498
General and administrative expenses	8,841	8,852
Research and development expenses	6,196	3,222
Total operating expenses	24,109	21,572
Operating income	11,660	8,489
Interest expense, net	(10,623)	(10,552)
Other expense, net	(383)	(414)
Income (loss) before income taxes	654	(2,477)
Benefit for income taxes	(3)	(1,192)
Net income (loss)	657	(1,285)
Foreign currency translation	(358)	(271)
Total comprehensive income (loss)	$ 299	$ (1,556)

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Balance Sheets

(unaudited, in thousands, except share data)

	March 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 28,821	$ 17,817
Accounts receivable, net of allowance of $471 and $585	38,401	41,540
Inventory	16,153	15,582
Income tax receivable	157	247
Deferred tax assets	255	256
Other current assets	4,795	3,739
Total current assets	88,582	79,181
Property, plant and equipment, net	92,102	96,014
Capitalized software development costs, net	2,268	2,421
Intangibles, net	25,582	27,191
Goodwill	15,714	15,714
Deferred financing costs	6,668	7,349
Deferred tax assets	334	328
Other long-term assets	17,486	19,318
Total assets	$ 248,736	$ 247,516
Liabilities and Stockholder's Deficit		
Current liabilities		
Line of credit	$ 8,000	$ 8,000
Accounts payable	13,053	15,665
Accrued expenses and other liabilities	29,876	24,579
Deferred tax liability	148	152
Deferred revenue	129	132
Total current liabilities	51,206	48,528
Asset retirement obligation	7,373	7,435
Long-term debt, net	399,348	399,280
Deferred tax liability	246	247
Other long-term liabilities	31,106	32,995
Total liabilities	489,279	488,485
Commitments and contingencies (See Note 13)		
Stockholder's deficit		
Common stock ($0.001 par value, 10,000 shares authorized; 1 share issued and outstanding)	—	—
Due from parent	(3,916)	(3,766)
Additional paid-in capital	4,211	3,934
Accumulated deficit	(238,850)	(239,507)
Accumulated other comprehensive loss	(1,988)	(1,630)
Total stockholder's deficit	(240,543)	(240,969)
Total liabilities and stockholder's deficit	$ 248,736	$ 247,516

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Stockholder's Deficit

(unaudited, in thousands, except share data)

	Common Stock						
	Shares	Amount	Due from Parent	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholder's Deficit
Balance at January 1, 2014	1	$ —	$ (1,259)	$ 2,903	$ (238,338)	$ (394)	$ (237,088)
Net loss	—	—	—	—	(1,169)	—	(1,169)
Increase in amounts due from parent	—	—	(2,507)	—	—	—	(2,507)
Foreign currency translation	—	—	—	—	—	(1,236)	(1,236)
Stock-based compensation	—	—	—	1,031	—	—	1,031
Balance at December 31, 2014	1	—	(3,766)	3,934	(239,507)	(1,630)	(240,969)
Net income	—	—	—	—	657	—	657
Increase in amounts due from parent	—	—	(150)	—	—	—	(150)
Foreign currency translation	—	—	—	—	—	(358)	(358)
Stock-based compensation	—	—	—	277	—	—	277
Balance at March 31, 2015	1	$ —	$ (3,916)	$ 4,211	$ (238,850)	$ (1,988)	$ (240,543)

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Cash Flows

(unaudited, in thousands)

	For the Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities		
Net income (loss)	$ 657	$ (1,285)
Adjustments to reconcile net loss to cash flow from operating activities		
Depreciation and amortization	8,120	4,988
Provision for excess and obsolete inventory	180	440
Stock-based compensation	277	284
Deferred income taxes	(7)	(2)
Other	578	(753)
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	2,761	(4,369)
Inventory	(953)	(884)
Other current assets	(1,021)	(1,900)
Income taxes	87	(148)
Deferred revenue	(11)	(1,055)
Accounts payable	(771)	298
Accrued expenses and other liabilities	5,260	4,371
Cash provided by (used in) operating activities	15,157	(15)
Cash flows from investing activities		
Capital expenditures	(3,498)	(1,482)
Proceeds from sale of property, plant and equipment	—	20
Cash used in investing activities	(3,498)	(1,462)
Cash flows from financing activities		
Payments on note payable	(18)	(18)
Payments to parent	(441)	(45)
Cash used in financing activities	(459)	(63)
Effect of foreign exchange rate on cash	(196)	(41)
Increase (decrease) in cash and cash equivalents	11,004	(1,581)
Cash and cash equivalents, beginning of period	17,817	16,669
Cash and cash equivalents, end of period	$ 28,821	$ 15,088
Supplemental disclosure of cash flow information		
Interest paid	$ 59	$ 66
Income taxes (refunded)/paid, net	$ (59)	$ 127
Noncash investing and financing activities		
Property, plant and equipment included in accounts payable and accrued expenses and other liabilities	$ 1,360	$ 1,204
Expenses to be paid on behalf of parent included in accounts payable and accrued expenses and other liabilities	$ 291	$ 609

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

Unless the context otherwise requires, references to the "Company" and "Lantheus" refer to Lantheus MI Intermediate, Inc. and its direct and indirect subsidiaries, references to "Lantheus Intermediate" refer to only Lantheus MI Intermediate, Inc., the parent of Lantheus Medical Imaging, Inc., references to "Holdings" refer to Lantheus Holdings, Inc., the parent of Lantheus Intermediate, and references to "LMI" refer to Lantheus Medical Imaging, Inc., the subsidiary of Lantheus Intermediate. Solely for convenience, we refer to trademarks, service marks and trade names are referred to without the TM, SM and ® symbols. Those references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent permitted under applicable law, its rights to its trademarks, service marks and trade names.

1. Description of Business

Overview

The Company develops, manufactures, sells and distributes innovative diagnostic medical imaging agents and products that assist clinicians in the diagnosis of cardiovascular and other diseases. The Company's commercial products are used by nuclear physicians, cardiologists, radiologists, internal medicine physicians, technologists and sonographers working in a variety of clinical settings. The Company sells its products to radiopharmacies, hospitals, clinics, group practices, integrated delivery networks, group purchasing organizations and, in certain circumstances, wholesalers. The Company sells its products globally and has operations in the United States, Puerto Rico, Canada and Australia and distribution relationships in Europe, Asia Pacific and Latin America.

The Company's portfolio of 10 commercial products is diversified across a range of imaging modalities. The Company's imaging agents include medical radiopharmaceuticals (including technetium generators) and contrast agents, including the following:

- DEFINITY is the leading ultrasound contrast imaging agent used by cardiologists and sonographers during cardiac ultrasound, or echocardiography, exams based on revenue and usage. DEFINITY is an injectable agent that, in the United States, is indicated for use in patients with suboptimal echocardiograms to assist in the visualization of the left ventricle, the main pumping chamber of the heart. The use of DEFINITY in echocardiography allows physicians to significantly improve their assessment of the function of the left ventricle.
- TechneLite is a self-contained system, or generator, of technetium (Tc99m), a radioisotope with a six hour half-life, used by radiopharmacies to prepare various nuclear imaging agents.
- Xenon Xe 133 Gas is a radiopharmaceutical gas that is inhaled and used to assess pulmonary function and also to image blood flow.
- Cardiolite is an injectable, technetium-labeled imaging agent, also known by its generic name sestamibi, used with Single Photon Emission Computed Tomography, or SPECT, technology in myocardial perfusion imaging, or MPI, procedures that assess blood flow distribution to the heart.
- Neurolite is an injectable, technetium-labeled imaging agent used with SPECT technology to identify the area within the brain where blood flow has been blocked or reduced due to stroke.

In the United States, the Company sells DEFINITY through its sales team that calls on healthcare providers in the echocardiography space, as well as group purchasing organizations and integrated delivery networks. The Company's radiopharmaceutical products are primarily distributed through approximately 350 radiopharmacies owned or controlled by third parties. In Canada, Puerto Rico and Australia, the Company owns eight radiopharmacies and sells its own radiopharmaceuticals, as well as others, directly to end users. In Europe, Asia Pacific and Latin America, the Company utilizes distributor relationships to market, sell and distribute its products.

Basis of Consolidation and Presentation

The financial statements have been prepared in United States dollars, in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the Company's financial statements for interim periods in accordance with U.S. GAAP. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of

the Securities and Exchange Commission, or the SEC. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's consolidated financial statements and the accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, or the 2014 Form 10-K. The Company's accounting policies are described in the "Notes to Consolidated Financial Statements" in the 2014 Form 10-K and updated, as necessary, in this Form 10-Q. There were no changes to the Company's accounting policies since December 31, 2014. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Recent Events

As of March 31, 2015, the Company had an accumulated deficit of $238.9 million and $408.0 million of total principal indebtedness consisting of $400.0 million of senior notes, which mature on May 15, 2017, and $8.0 million outstanding under its revolving credit facility. The Company is obligated to make scheduled interest payments of $39.0 million per year on the senior notes.

The Company currently relies on Jubilant HollisterStier, or JHS, as its sole source manufacturer of DEFINITY, Neurolite and evacuation vials for TechneLite. The Company has additional ongoing technology transfer activities at JHS for its Cardiolite product supply, which is currently manufactured by a single manufacturer. In addition, the Company has ongoing technology transfer activities at Pharmalucence for the manufacture and supply of DEFINITY, and the Company believes it will file for U.S. Food and Drug Administration, or FDA, approval to manufacture DEFINITY at Pharmalucence in 2015.

The Company has historically been dependent on key customers and group purchasing organizations for the majority of the sales of its medical imaging products. The Company's ability to maintain and profitably renew these contracts and relationships with these key customers and group purchasing organizations is an important aspect of the Company's strategy. The Company's written supply agreements with a major customer relating to TechneLite, Xenon, Neurolite, Cardiolite and certain other products expired in accordance with contract terms on December 31, 2014. Extended discussions with this customer have not yet resulted in new written supply agreements. Consequently, the Company is currently accepting and fulfilling product orders with this customer on a purchase order basis.

Until the Company successfully becomes dual sourced for its principal products, the Company is vulnerable to future supply shortages. Disruption in the financial performance of the Company could also occur if it experiences significant adverse changes in customer mix, broad economic downturns, adverse industry or Company conditions or catastrophic external events. If the Company experiences one or more of these events in the future, it may be required to implement additional expense reductions, such as a delay or elimination of discretionary spending in all functional areas, as well as scaling back select operating and strategic initiatives.

During 2013 and 2014, the Company has utilized its revolving line of credit as a source of liquidity from time to time. Borrowing capacity under the revolving credit facility, or the Facility, is calculated by reference to a borrowing base consisting of a percentage of certain eligible accounts receivable, inventory and machinery and equipment minus any reserves, or the Borrowing Base. If the Company is not successful in achieving its forecasted operating results, the Company's accounts receivable and inventory could be negatively affected, thus reducing the Borrowing Base and limiting the Company's borrowing capacity. As of March 31, 2015, the aggregate Borrowing Base was approximately $45.8 million, which was reduced by the $8.8 million unfunded Standby Letter of Credit and the $8.1 million outstanding loan balance including interest, resulting in a net Borrowing Base availability of approximately $28.9 million.

Based on the Company's current operating plans, the Company believes its existing cash and cash equivalents, results of operations and availability under the Facility will be sufficient to continue to fund the Company's liquidity requirements for at least the next twelve months.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates reflected in the Company's condensed consolidated financial statements include certain judgments regarding revenue recognition, goodwill, tangible and intangible asset valuation, inventory valuation and potential losses on purchase commitments, asset retirement obligations, income tax liabilities and related indemnification receivable, deferred tax assets and liabilities, accrued expenses and stock-based compensation. Actual results could materially differ from those estimates or assumptions.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board, or the FASB, issued ASU No. 2015-03, "Interest—Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs," or ASU 2015-03. The amendments in ASU 2015-03 require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 requires retrospective adoption and will be effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. The Company is evaluating the impact of ASU 2015-03 on the Company's consolidated financial statements.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, title has passed, the risks and rewards of ownership have transferred to the customer, the selling price is fixed and determinable, and collectability is reasonably assured. For transactions for which revenue recognition criteria have not yet been met, the respective amounts are recorded as deferred revenue until such point in time the criteria are met and revenue can be recognized. Revenue is recognized net of reserves, which consist of allowances for returns and rebates.

Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer. The arrangement's consideration is then allocated to each separate unit of accounting based on the relative selling price of each deliverable. The estimated selling price of each deliverable is determined using the following hierarchy of values: (i) vendor-specific objective evidence of fair value; (ii) third-party evidence of selling price; and (iii) best estimate of selling price. The best estimate of selling price reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold by the Company on a stand-alone basis. The consideration allocated to each unit of accounting is then recognized as the related goods or services are delivered, limited to the consideration that is not contingent upon future deliverables. Supply or service transactions may involve the charge of a nonrefundable initial fee with subsequent periodic payments for future products or services. The up-front fees, even if nonrefundable, are recognized as revenue as the products and/or services are delivered and performed over the term of the arrangement.

Inventory

Inventory costs associated with product that has not yet received regulatory approval are capitalized if the Company believes there is probable future commercial use of the product and future economic benefits of the asset. If future commercial use of the product is not probable, then inventory costs associated with such product are expensed during the period the costs are incurred. For the three months ended March 31, 2014, the Company expensed $1.3 million of such product costs in cost of goods sold relating to Neurolite that was manufactured by JHS. There was no significant product expensed for the three months ended March 31, 2015. At March 31, 2015 and December 31, 2014, the Company had no capitalized inventories associated with product that did not have regulatory approval.

Goodwill

Goodwill is not amortized, but is instead tested for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that it may be impaired. The Company has elected to perform the annual test for goodwill impairment as of October 31 of each year. There were no events as of March 31, 2015 and December 31, 2014 that triggered an interim impairment test of goodwill.

3. Fair Value of Financial Instruments

The tables below present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2015 and December 31, 2014, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points from active markets that are observable, such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability.

March 31, 2015 (in thousands)	Total fair value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market	$ 1,053	$ 1,053	$ —	$ —
Certificates of deposit—restricted	82	—	82	—
Total	$ 1,135	$ 1,053	$ 82	$ —

December 31, 2014 (in thousands)	Total fair value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market	$ 1,505	$ 1,505	$ —	$ —
Certificates of deposit—restricted	89	—	89	—
Total	$ 1,594	$ 1,505	$ 89	$ —

At both March 31, 2015 and December 31, 2014, the Company has a $0.1 million certificate of deposit which is collateral for a long-term lease and is included in other long-term assets on the condensed consolidated balance sheet. Certificates of deposit are classified within Level 2 of the fair value hierarchy, as these are not traded on the open market.

At March 31, 2015, the Company had total cash and cash equivalents of $28.8 million, which included approximately $1.1 million of money market funds and $27.7 million of cash on-hand. At December 31, 2014, the Company had total cash and cash equivalents of $17.8 million, which included approximately $1.5 million of money market funds and $16.3 million of cash on-hand.

The estimated fair values of the Company's financial instruments, including its cash and cash equivalents, receivables, accounts payable and accrued expenses approximate the carrying values of these instruments due to their short term nature. The estimated fair value of the Company's fixed rate debt, at March 31, 2015, based on Level 2 inputs of recent market activity available to the Company was $392.0 million compared to the face value of $400.0 million. At December 31, 2014, the estimated fair value of the debt based on Level 2 inputs of recent market activity available to the Company was $384.0 million compared to the face value of $400.0 million.

4. Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate for the full fiscal year in addition to discrete events which impact the interim period. The Company's effective tax rate differs from the U.S. statutory rate principally due to the rate impact of uncertain tax positions, valuation allowance changes and state taxes. Cumulative adjustments to the tax provision are recorded in the interim period in which a change in the estimated annual effective rate is determined. The Company's tax benefit was $3,000 and $1.2 million for the three months ended March 31, 2015 and 2014, respectively.

In connection with the Company's acquisition of the medical imaging business from Bristol-Myers Squibb Company, or BMS, in 2008, the Company obtained a tax indemnification agreement with BMS related to certain tax obligations arising prior to the acquisition of the Company, for which the Company has the primary legal obligation. The tax indemnification receivable is recognized within other long-term assets. The changes in the tax indemnification asset are recognized within other expense, net in the condensed consolidated statement of comprehensive income (loss). In accordance with the Company's accounting policy, the change in the tax liability and penalties and interest associated with these obligations (net of any offsetting federal or state benefit) is recognized within the tax provision. Accordingly, as these reserves change, adjustments are included in the tax provision while the offsetting adjustment is included in other expense, net. Assuming that the receivable from BMS continues to be considered recoverable by the Company, there is no net effect on earnings related to these liabilities and no net cash outflows.

On March 13, 2014, New York State, BMS, the Company and a relator entered into a Stipulation and Settlement Agreement and other related agreements, or collectively the Settlement Documents, to resolve an investigation by the Office of the Attorney General of New York State, claims relating to certain New York State and New York City tax matters and related claims under the New York False Claims Act. The claims at issue arose during the period from January 1, 2002 through December 31, 2006, which predated the acquisition of the medical imaging business from BMS in January 2008 and are subject to the tax indemnification agreement described above. Pursuant to the Settlement Documents, BMS paid (on behalf of itself and the Company) $6.3 million, and neither BMS nor the Company admitted any liability. The Company received a full release from New York State, New York City and the relator with respect to the claims at issue.

During the three months ended March 31, 2015, BMS, on behalf of the Company, made payments totaling $1.8 million to a number of states in connection with state income tax settlements.

5. Inventory

The Company includes within current assets the amount of inventory that is estimated to be utilized within twelve months. Inventory that will be utilized after twelve months is classified within other long-term assets.

Inventory, classified in inventory or other long-term assets, consisted of the following:

(in thousands)	March 31, 2015	December 31, 2014
Raw materials	$ 5,690	$ 6,043
Work in process	2,549	1,788
Finished goods	7,914	7,751
Inventory	16,153	15,582
Other long-term assets	1,156	1,156
Total	$ 17,309	$ 16,738

At both March 31, 2015 and December 31, 2014, inventories reported as other long-term assets included $1.2 million of raw materials.

6. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

(in thousands)	March 31, 2015	December 31, 2014
Land	$ 14,950	$ 14,950
Buildings	67,604	67,571
Machinery, equipment and fixtures	65,844	65,179
Construction in progress	10,555	9,746
Accumulated depreciation	(66,851)	(61,432)
Property, plant and equipment, net	$ 92,102	$ 96,014

For each of the three month periods ended March 31, 2015 and 2014, depreciation expense related to property, plant and equipment was $5.7 million and $2.2 million, respectively.

Included within machinery, equipment and fixtures are spare parts of approximately $2.5 million at both March 31, 2015 and December 31, 2014. Spare parts include replacement parts relating to plant and equipment and are either recognized as an expense when consumed or re-classified and capitalized as part of the related plant and equipment and depreciated over a time period not exceeding the useful life of the related asset.

Fixed assets dedicated to research and development, or R&D, activities, which were impacted by the March 2013 R&D strategic shift, have a carrying value of $4.4 million as of March 31, 2015. The Company believes these fixed assets will be utilized for either internally funded ongoing R&D activities or R&D activities funded by a strategic partner. If the Company is not successful in finding a strategic partner and there are no alternative uses for these fixed assets, then they could be subject to impairment in the future.

Long-Lived Assets to Be Disposed of Other than by Sale

In November 2014, the Company announced its plans to decommission certain long-lived assets associated with its R&D operations in the United States. The Company expects the decommissioning to begin in the second half of 2015. As a result, the Company revised its estimates of the remaining useful lives of the affected long-lived assets to seven months. At March 31, 2015 and December 31, 2014, the net book value of these assets totaled $3.7 million and $7.4 million, respectively.

7. Asset Retirement Obligations

The Company considers the legal obligation to remediate its facilities upon a decommissioning of its radioactive related operations as an asset retirement obligation. The operations of the Company have radioactive production facilities at its North Billerica, Massachusetts and San Juan, Puerto Rico sites.

The Company is required to provide the U.S. Nuclear Regulatory Commission and Massachusetts Department of Public Health financial assurance demonstrating the Company's ability to fund the decommissioning of the North Billerica, Massachusetts production facility upon closure, although the Company does not intend to close the facility. The Company has provided this financial assurance in the form of a $28.2 million surety bond, which itself is currently secured by an $8.8 million unfunded Standby Letter of Credit provided to the third party issuer of the bond.

The fair value of a liability for asset retirement obligations is recognized in the period in which the liability is incurred. As of March 31, 2015, the liability is measured at the present value of the obligation expected to be incurred, of approximately $26.0 million, and is adjusted in subsequent periods as accretion expense is recorded. The corresponding asset retirement costs are capitalized as part of the carrying value of the related long-lived assets and depreciated over the asset's useful life.

The following is a reconciliation of the Company's asset retirement obligations for the three months ended March 31, 2015:

(in thousands)	
Balance at January 1, 2015	$7,435
Accretion expense	213
Balance at March 31, 2015	7,648
Amounts included in accrued expenses and other liabilities	(275)
Asset retirement obligation, long-term	$7,373

8. Intangibles, net

Intangibles, net consisted of the following:

	March 31, 2015			
(in thousands)	Cost	Accumulated amortization	Net	Amortization Method
Trademarks	$ 13,540	$ 5,571	$ 7,969	Straight-line
Customer relationships	104,768	89,329	15,439	Accelerated
Other patents	42,780	40,606	2,174	Straight-line
	$161,088	$ 135,506	$25,582	

	December 31, 2014			
(in thousands)	Cost	Accumulated amortization	Net	Amortization Method
Trademarks	$ 13,540	$ 5,116	$ 8,424	Straight-line
Customer relationships	105,373	88,931	16,442	Accelerated
Other patents	42,780	40,455	2,325	Straight-line
	$161,693	$ 134,502	$27,191	

For the three months ended March 31, 2015 and 2014, the Company recorded amortization expense for its intangible assets of $1.5 million and $1.9 million, respectively.

Expected future amortization expense related to the intangible assets is as follows:

(in thousands)	
Remainder of 2015	$ 4,477
2016	5,298
2017	3,491
2018	2,767
2019	1,896
2020 and thereafter	7,653
	$25,582

9. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are comprised of the following:

(in thousands)	March 31, 2015	December 31, 2014
Compensation and benefits	$ 6,646	$ 11,198
Accrued interest	14,727	4,994
Accrued professional fees	1,284	1,508
Research and development services	162	248
Freight, distribution and operations	3,064	3,069
Marketing expense	1,043	978
Accrued rebates, discounts and chargebacks	2,034	2,164
Other	916	420
	$ 29,876	$ 24,579

10. Financing Arrangements

Senior Notes

LMI has $400.0 million in aggregate principal amount of Senior Notes, or the Notes, outstanding. The Notes bear interest at a rate of 9.750% per year, payable on May 15 and November 15 of each year. The Notes mature on May 15, 2017.

Revolving Line of Credit

As of March 31, 2015, LMI has a Facility with an aggregate principal amount not to exceed $50.0 million. The revolving loans under the Facility bear interest subject to a pricing grid based on average historical excess availability under the Facility, with pricing based from time to time at the election of the Company at (i) LIBOR plus a spread ranging from 2.00% or (ii) the Reference Rate (as defined in the agreement) plus 1.00%. The Facility also includes an unused line fee of 0.375%. The Facility expires on the earlier of (i) July 3, 2018 or (ii) if the outstanding Notes are not refinanced in full, the date that is 91 days before the maturity thereof, at which time all outstanding borrowings are due and payable.

As of March 31, 2015 and December 31, 2014, the Company has an unfunded Standby Letter of Credit for up to $8.8 million. The unfunded Standby Letter of Credit requires an annual fee, payable quarterly, which is set at LIBOR plus a spread of 2.00% and expires on February 5, 2016, which will automatically renew for a one year period at each anniversary date, unless the Company elects not to renew in writing within 60 days prior to that expiration.

The Facility is secured by a pledge of substantially all of the assets of each of the Company, LMI and Lantheus Real Estate, including each entity's accounts receivable, inventory and machinery and equipment, and is guaranteed by each of Lantheus Intermediate and Lantheus Real Estate. Borrowing capacity is determined by reference to a Borrowing Base, which is based on a percentage of certain eligible accounts receivable, inventory and machinery and equipment minus any reserves. As of March 31, 2015, the aggregate Borrowing Base was approximately $45.8 million, which was reduced by (i) an outstanding $8.8 million unfunded Standby Letter of Credit and (ii) an $8.1 million outstanding loan balance including interest, resulting in a net Borrowing Base availability of approximately $28.9 million.

11. Stock-Based Compensation

The Company's employees are eligible to receive awards under the Holdings 2013 Equity Incentive Plan, or the 2013 Plan. The 2013 Plan is administered by the Holdings Board of Directors and permits the granting of nonqualified stock options, stock appreciation rights, or SARs, restricted stock and restricted stock units to employees, officers, directors and consultants of Holdings or any subsidiary of Holdings (including Lantheus Intermediate and LMI). On April 6, 2015, the 2013 Plan was amended to increase the number of shares authorized for issuance under the 2013 Plan from 2,700,000 to 3,700,000. Option awards under the 2013 Plan are granted with an exercise price equal to the fair value of Holdings' stock at the date of grant, as determined by the Board of Directors of Holdings. Time based option awards vest based on time, either four or five years, and performance based option awards vest based on the performance criteria specified in the grant. All option awards have a ten-year contractual term. The Company recognizes compensation costs for its time based awards on a straight-line basis equal to the vesting period. The compensation cost for performance based awards is recognized on a graded vesting basis, based on the probability of achieving the performance targets over the requisite service period for the entire award. The fair value of each option award is estimated on the date of grant using a Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historic volatility of a selected peer group. Expected dividends represent the dividends expected to be issued at the date of grant. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free interest rate assumption is the U.S. Treasury rate at the date of the grant which most closely resembles the expected life of the options.

The Company uses the following Black-Scholes inputs to determine the fair value of new stock option grants.

	Three Months Ended March 31,	
	2015	2014
Expected volatility	28 - 32%	35%
Expected dividends	—	—
Expected life (in years)	5.5 - 6.3	5.5
Risk-free interest rate	1.3 - 1.5%	1.5 - 1.6%

A summary of option activity for 2015 is presented below:

	Time Based	Performance Based	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2015	3,221,690	1,080,730	4,302,420	$ 4.83	6.4	$3,979,000
Options granted	113,123	—	113,123	4.42		
Options cancelled	—	—	—	—		
Options exercised	—	—	—	—		
Options forfeited or expired	(68,800)	(23,800)	(92,600)	7.50		
Outstanding at March 31, 2015	3,266,013	1,056,930	4,322,943	4.76	6.2	$4,112,000
Vested and expected to vest at March 31, 2015	3,152,012	702,830	3,854,842	4.56	5.9	$4,108,000
Exercisable at March 31, 2015	1,942,013	584,907	2,526,920	3.81	4.5	$4,078,000

The weighted average grant-date fair value of options granted during the three months ended March 31, 2015 and 2014 was $1.39 and $2.11, respectively.

Stock-based compensation expense for both time based and performance based awards was recognized in the condensed consolidated statements of comprehensive loss as follows:

	Three Months Ended March 31,	
(in thousands)	2015	2014
Cost of goods sold	$ (1)	$ 41
Sales and marketing	37	44
General and administrative	213	169
Research and development	28	30
Total stock-based compensation expense	$277	$284

12. Other Expense, net

Other expense, net consisted of the following:

	Three Months Ended March 31,	
(in thousands)	2015	2014
Foreign currency losses	$(378)	$(238)
Tax indemnification expense	(4)	(175)
Other expense	(1)	(1)
Total other expense, net	$(383)	$(414)

13. Legal Proceedings and Contingencies

From time to time, the Company is a party to various legal proceedings arising in the ordinary course of business. In addition, the Company has in the past been, and may in the future be, subject to investigations by governmental and regulatory authorities, which expose it to greater risks associated with litigation, regulatory or other proceedings, as a result of which the Company could be required to pay significant fines or penalties. The outcome of litigation, regulatory or other proceedings cannot be predicted with certainty, and some lawsuits, claims, actions or proceedings may be disposed of unfavorably to the Company. In addition, intellectual property disputes often have a risk of injunctive relief which, if imposed against the Company, could materially and adversely affect its financial condition or results of operations. As of March 31, 2015, the Company had no material ongoing litigation in which the Company was a defendant or any material ongoing regulatory or other proceedings and had no knowledge of any investigations by government or regulatory authorities in which the Company is a target that could have a material adverse effect on its current business.

On December 16, 2010, LMI filed suit against one of its insurance carriers seeking to recover business interruption losses associated with the NRU reactor shutdown and the ensuing global Moly supply shortage. The claim is the result of the shutdown of the NRU reactor in Chalk River, Ontario. The NRU reactor was off-line from May 2009 until August 2010. The defendant answered the complaint on January 21, 2011, denying substantially all of the allegations, presenting certain defenses and requesting dismissal of the case with costs and disbursements. Discovery, including international discovery and related motion practice, has been on-going for more than three years. The defendant filed a motion for summary judgment on July 14, 2014. The Company filed a memorandum of law in opposition to defendant's motion for summary judgment on August 25, 2014. The defendant filed a reply memorandum of law in further support of its motion for summary judgment on September 15, 2014. Expert witness discovery was completed on October 31, 2014. On March 25, 2015, the United States District Court for the Southern District of New York granted defendant's motion for summary judgment. The Company is continuing to evaluate all of its options, at this stage. The Company cannot be certain when, if ever, it will be able to recover for business interruption losses related to this matter and in what amount, if any.

14. Related Party Transactions

At March 31, 2015 and December 31, 2014, LMI had outstanding receivables from Holdings in the amount of $3.9 million and $3.8 million, respectively, which was included in due from parent within stockholder's deficit.

Avista, the majority shareholder of Holdings, provides certain advisory services to the Company pursuant to an advisory services and monitoring agreement. The Company is required to pay an annual fee of $1.0 million and other reasonable and customary advisory fees, as applicable, paid on a quarterly basis. The initial term of the agreement is seven years. Upon termination, all remaining amounts owed under the agreement shall become due immediately. During each of the three months ended March 31, 2015 and 2014, the Company incurred costs associated with this agreement totaling $0.3 million. At March 31, 2015 and December 31, 2014, $8,000 and $10,000, respectively, was included in accrued expenses.

The Company purchases inventory supplies from VWR Scientific, or VWR. Avista and certain of its affiliates are principal owners of both VWR and the Company. The Company made purchases of $71,000 and $60,000 during each of the three months ended March 31, 2015 and 2014, respectively. At March 31, 2015 and December 31, 2014, $11,000 and $21,000, respectively, was included in accounts payable and accrued expenses.

The Company retains Marsh for insurance brokering and risk management. Donald Bailey, brother of the Company's President and Chief Executive Officer, Jeffrey Bailey, is head of sales for Marsh's U.S. and Canada division. During each of the three months ended March 31, 2015 and 2014, the Company paid Marsh $0.1 million. At both March 31, 2015 and December 31, 2014, a prepaid amount of $43,000 was included in other current assets.

15. Segment Information

The Company reports two operating segments, U.S. and International, based on geographic customer base. The results of these operating segments are regularly reviewed by the Company's chief operating decision maker, the President and Chief Executive Officer. The Company's segments derive revenues through the manufacturing, marketing, selling and distribution of medical imaging products, focused primarily on cardiovascular diagnostic imaging. The U.S. segment comprises 81.1% and 77.5% of consolidated revenues for the three months ended March 31, 2015 and 2014, respectively, and 91.2% and 90.3% of consolidated assets at March 31, 2015 and December 31, 2014, respectively. All goodwill has been allocated to the U.S. operating segment.

Selected information for each business segment are as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Revenues		
U.S.	$ 65,788	$ 61,387
International	14,156	16,525
Total revenue, including inter-segment	79,944	77,912
Less inter-segment revenue	(5,121)	(4,576)
	$ 74,823	$ 73,336
Revenues from external customers		
U.S.	$ 60,667	$ 56,811
International	14,156	16,525
	$ 74,823	$ 73,336
Operating income		
U.S.	$ 12,961	$ 7,020
International	(1,474)	1,299
Total operating income, including inter-segment	11,487	8,319
Inter-segment operating income	173	170
Operating income	11,660	8,489
Interest expense, net	(10,623)	(10,552)
Other expense, net	(383)	(414)
Income (loss) before income taxes	$ 654	$ (2,477)

	March 31, 2015	December 31, 2014
Total assets		
U.S.	$226,954	$ 223,492
International	21,782	24,024
	$248,736	$ 247,516

16. Guarantor Financial Information

The Notes, issued by LMI, are guaranteed by Lantheus Intermediate, or the Parent Guarantor, and Lantheus Real Estate, one of Lantheus Intermediate's wholly-owned consolidated subsidiaries, or the Guarantor Subsidiary. The guarantees are full and unconditional and joint and several. The following supplemental financial information sets forth, on a condensed consolidating basis, balance sheet information as of March 31, 2015 and December 31, 2014, comprehensive income (loss) information for the three months ended March 31, 2015 and 2014 and cash flow information for the three months ended March 31, 2015 and 2014 for Lantheus Intermediate, LMI, the Guarantor Subsidiary and Lantheus Intermediate's other subsidiaries, or the Non-Guarantor Subsidiaries. The condensed consolidating financial statements have been prepared on the same basis as the condensed consolidated financial statements of Lantheus Intermediate. The equity method of accounting is followed within this financial information.

Condensed Consolidating Balance Sheet Information

March 31, 2015

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Current assets						
Cash and cash equivalents	$ —	$ 25,040	$ —	$ 3,781	$ —	$ 28,821
Accounts receivable, net	—	29,311	—	9,090	—	38,401
Intercompany accounts receivable	—	9,021	—	—	(9,021)	—
Inventory	—	13,540	—	2,613	—	16,153
Income tax receivable	—	93	—	64	—	157
Deferred tax assets	—	239	—	16	—	255
Other current assets	—	4,386	—	409	—	4,795
Total current assets	—	81,630	—	15,973	(9,021)	88,582
Property, plant and equipment, net	—	72,354	15,515	4,233	—	92,102
Capitalized software development costs, net	—	2,268	—	—	—	2,268
Intangibles, net	—	23,518	—	2,064	—	25,582
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	6,668	—	—	—	6,668
Deferred tax assets	—	277	—	57	—	334
Investment in subsidiaries	(240,543)	29,931	—	—	210,612	—
Intercompany note receivable	—	—	—	5,683	(5,683)	—
Other long-term assets	—	17,309	—	177	—	17,486
Total assets	$ (240,543)	$ 249,669	$ 15,515	$ 28,187	$ 195,908	$ 248,736
Liabilities and (deficit) equity:						
Current liabilities						
Line of Credit	$ —	$ 8,000	$ —	$ —	$ —	$ 8,000
Accounts payable	—	12,005	—	1,048	—	13,053
Intercompany accounts payable	—	—	—	9,021	(9,021)	—
Accrued expenses and other liabilities	—	27,093	—	2,783	—	29,876
Deferred tax liability	—	—	—	148	—	148
Deferred revenue	—	129	—	—	—	129
Total current liabilities	—	47,227	—	13,000	(9,021)	51,206
Asset retirement obligations	—	7,162	—	211	—	7,373
Long-term debt, net	—	399,348	—	—	—	399,348
Intercompany note payable	—	5,683	—	—	(5,683)	—
Deferred tax liability	—	239	—	7	—	246
Other long-term liabilities	—	30,553	—	553	—	31,106
Total liabilities	—	490,212	—	13,771	(14,704)	489,279
(Deficit) equity	(240,543)	(240,543)	15,515	14,416	210,612	(240,543)
Total liabilities and (deficit) equity	$ (240,543)	$ 249,669	$ 15,515	$ 28,187	$ 195,908	$ 248,736

Condensed Consolidating Balance Sheet Information

December 31, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Current assets						
Cash and cash equivalents	$ —	$ 12,586	$ —	$ 5,231	$ —	$ 17,817
Accounts receivable, net	—	32,280	—	9,260	—	41,540
Intercompany accounts receivable	—	7,444	—	—	(7,444)	—
Inventory	—	12,638	—	2,944	—	15,582
Income tax receivable	—	178	—	69	—	247
Deferred tax assets	—	239	—	17	—	256
Other current assets	—	3,544	—	195	—	3,739
Total current assets	—	68,909	—	17,716	(7,444)	79,181
Property, plant and equipment, net	—	75,811	15,535	4,668	—	96,014
Capitalized software development costs, net	—	2,421	—	—	—	2,421
Intangibles, net	—	24,891	—	2,300	—	27,191
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	7,349	—	—	—	7,349
Deferred tax assets	—	277	—	51	—	328
Investment in subsidiaries	(240,969)	32,511	—	—	208,458	—
Intercompany note receivable	—	—	—	5,626	(5,626)	—
Other long-term assets	—	19,132	—	186	—	19,318
Total assets	$ (240,969)	$ 247,015	$ 15,535	$ 30,547	$ 195,388	$ 247,516
Liabilities and (deficit) equity:						
Current liabilities						
Line of credit	$ —	$ 8,000	$ —	$ —	$ —	$ 8,000
Accounts payable	—	14,027	—	1,638	—	15,665
Intercompany accounts payable	—	—	—	7,444	(7,444)	—
Accrued expenses and other liabilities	—	21,022	—	3,557	—	24,579
Deferred tax liability	—	—	—	152	—	152
Deferred revenue	—	132	—	—	—	132
Total current liabilities	—	43,181	—	12,791	(7,444)	48,528
Asset retirement obligations	—	7,232	—	203	—	7,435
Long-term debt, net	—	399,280	—	—	—	399,280
Intercompany note payable	—	5,626	—	—	(5,626)	—
Deferred tax liability	—	239	—	8	—	247
Other long-term liabilities	—	32,426	—	569	—	32,995
Total liabilities	—	487,984	—	13,571	(13,070)	488,485
(Deficit) equity	(240,969)	(240,969)	15,535	16,976	208,458	(240,969)
Total liabilities and (deficit) equity	$ (240,969)	$ 247,015	$ 15,535	$ 30,547	$ 195,388	$ 247,516

Condensed Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended March 31, 2015

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 67,825	$ —	$ 12,119	$ (5,121)	$ 74,823
Cost of goods sold	—	31,717	—	12,458	(5,121)	39,054
Gross profit	—	36,108	—	(339)	—	35,769
Operating expenses						
Sales and marketing expenses	—	8,198	—	874	—	9,072
General and administrative expenses	—	8,438	20	383	—	8,841
Research and development expenses	—	6,015	—	181	—	6,196
Operating income (loss)	—	13,457	(20)	(1,777)	—	11,660
Interest expense, net	—	(10,688)	—	65	—	(10,623)
Other income (expense), net	—	23	—	(406)	—	(383)
Equity in earnings (losses) of affiliates	657	(2,222)	—	—	1,565	—
Income (loss) before income taxes	657	570	(20)	(2,118)	1,565	654
(Benefit) provision for income taxes	—	(87)	—	84	—	(3)
Net income (loss)	657	657	(20)	(2,202)	1,565	657
Foreign currency translation	—	—	—	(358)	—	(358)
Equity in other comprehensive income (loss) of subsidiaries	(358)	(358)	—	—	716	—
Total comprehensive income (loss)	$ 299	$ 299	$ (20)	$ (2,560)	$ 2,281	$ 299

Condensed Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended March 31, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 63,857	$ —	$ 14,055	$ (4,576)	$ 73,336
Cost of goods sold	—	35,539	—	12,312	(4,576)	43,275
Gross profit	—	28,318	—	1,743	—	30,061
Operating expenses						
Sales and marketing expenses	—	8,489	—	1,009	—	9,498
General and administrative expenses	—	8,261	20	571	—	8,852
Research and development expenses	—	3,114	—	108	—	3,222
Operating income (loss)	—	8,454	(20)	55	—	8,489
Interest expense, net	—	(10,618)	—	66	—	(10,552)
Other expense, net	—	(177)	—	(237)	—	(414)
Equity in earnings (losses) of affiliates	(1,285)	(164)	—	—	1,449	—
Income (loss) before income taxes	(1,285)	(2,505)	(20)	(116)	1,449	(2,477)
(Benefit) provision for income taxes	—	(1,220)	—	28	—	(1,192)
Net income (loss)	(1,285)	(1,285)	(20)	(144)	1,449	(1,285)
Foreign currency translation	—	—	—	(271)	—	(271)
Equity in other comprehensive income (loss) of subsidiaries	(271)	(271)	—	—	542	—
Total comprehensive income (loss)	$ (1,556)	$ (1,556)	$ (20)	$ (415)	$ 1,991	$ (1,556)

Condensed Consolidating Cash Flow Information

Three Months Ended March 31, 2015

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$16,289	$ —	$ (1,132)	$ —	$15,157
Cash flows from investing activities						
Capital expenditures	—	(3,376)	—	(122)	—	(3,498)
Payments from subsidiary	441	—	—	—	(441)	—
Cash used in investing activities	441	(3,376)	—	(122)	(441)	(3,498)
Cash flows from financing activities						
Payments on note payable	—	(18)	—	—	—	(18)
Payments to parent	(441)	(441)	—	—	441	(441)
Cash used in financing activities	(441)	(459)	—	—	441	(459)
Effect of foreign exchange rate on cash	—	—	—	(196)	—	(196)
Increase (decrease) in cash and cash equivalents	—	12,454	—	(1,450)	—	11,004
Cash and cash equivalents, beginning of period	—	12,586	—	5,231	—	17,817
Cash and cash equivalents, end of period	$ —	$25,040	$ —	$ 3,781	$ —	$28,821

Condensed Consolidating Cash Flow Information

Three Months Ended March 31, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$ 1,797	$ —	$ (1,812)	$ —	$ (15)
Cash flows from investing activities						
Capital expenditures	—	(1,465)	—	(17)	—	(1,482)
Payments from subsidiary	45	—	—	—	(45)	—
Proceeds from sale of property, plant and equipment	—	20	—	—	—	20
Cash used in investing activities	45	(1,445)	—	(17)	(45)	(1,462)
Cash flows from financing activities						
Payments on note payable	—	(18)	—	—	—	(18)
Payments to parent	(45)	(45)	—	—	45	(45)
Cash used in financing activities	(45)	(63)	—	—	45	(63)
Effect of foreign exchange rate on cash	—	—	—	(41)	—	(41)
Increase (decrease) in cash and cash equivalents	—	289	—	(1,870)	—	(1,581)
Cash and cash equivalents, beginning of period	—	11,995	—	4,674	—	16,669
Cash and cash equivalents, end of period	$ —	$12,284	$ —	$ 2,804	$ —	$15,088

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

Some of the statements contained in this quarterly report are forward-looking statements. These forward-looking statements, including, in particular, statements about our plans, strategies, prospects and industry estimates are subject to risks and uncertainties. These statements identify prospective information and include words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "should," "could," "predicts," "hopes" and similar expressions. Examples of forward-looking statements include, but are not limited to, statements we make regarding: (i) outlook and expectations related to products manufactured at Jubilant HollisterStier, or JHS, and Pharmalucence and global isotope supply; (ii) our outlook and expectations including, without limitation, in connection with continued market expansion and penetration for our commercial products, particularly DEFINITY against increased competition; (iii) our outlook and expectations related to our intention to seek to engage strategic partners to assist in developing and potentially commercializing development candidates; and (iv) our liquidity, including our belief that our existing cash, cash equivalents, anticipated revenues and availability under our revolving credit facility are sufficient to fund our existing operating expenses, capital expenditures and liquidity requirements for at least the next twelve months. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. The matters referred to in the forward-looking statements contained in this quarterly report may not in fact occur. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our dependence upon third parties for the manufacture and supply of a substantial portion of our products;
- risks associated with the technology transfer programs to secure production of our products at alternate contract manufacturer sites;
- risks associated with the manufacturing and distribution of our products and the regulatory requirements related thereto;
- the instability of the global Molybdenum-99, or Moly, supply;
- our ability to continue to increase segment penetration for DEFINITY in suboptimal echocardiograms and the increased segment competition from other echocardiography contrast agents, including Optison from GE Healthcare and the recently approved Lumason (known as SonoVue outside of the U.S.) from Bracco Diagnostics, Inc., or Bracco;
- risks associated with supply and demand for Xenon;
- our dependence on key customers and group purchasing organization arrangements for our medical imaging products, and our ability to maintain and profitably renew our contracts and relationships with those key customers and group purchasing organizations, including our relationships with Cardinal Health, or Cardinal and Triad Radioisotopes, or Triad;
- our ability to compete effectively, including in connection with pricing pressures and new market entrants;
- the dependence of certain of our customers upon third party healthcare payors and the uncertainty of third party coverage and reimbursement rates;
- uncertainties regarding the impact of U.S. healthcare reform on our business, including related reimbursements for our current and potential future products;
- our being subject to extensive government regulation and our potential inability to comply with those regulations;
- potential liability associated with our marketing and sales practices;
- the occurrence of any side effects with our products;
- our exposure to potential product liability claims and environmental liability;
- risks associated with our lead agent in development, flurpiridaz F 18, including our ability to:
    - attract strategic partners to successfully complete the Phase 3 clinical program and possibly commercialize the agent;
    - obtain U.S. Food and Drug Administration, or FDA, approval; and
    - gain post-approval market acceptance and adequate reimbursement;
- risks associated with being able to negotiate in a timely manner relationships with potential strategic partners to advance our other development programs on acceptable terms, or at all;

- the extensive costs, time and uncertainty associated with new product development, including further product development relying on external development partners;
- our inability to introduce new products and adapt to an evolving technology and diagnostic landscape;
- our inability to protect our intellectual property and the risk of claims that we have infringed on the intellectual property of others;
- risks related to our outstanding indebtedness and our ability to satisfy those obligations;
- risks associated with prevailing economic conditions and financial, business and other factors beyond our control;
- risks associated with our international operations;
- our inability to adequately protect our facilities, equipment and technology infrastructure;
- our inability to hire or retain skilled employees and key personnel;
- costs and other risks associated with the Sarbanes-Oxley Act and the Dodd-Frank Act.

Factors that could cause or contribute to such differences include, but are not limited to, those that are discussed in other documents we file with the Securities and Exchange Commission, including our 2014 Form 10-K. Any forward-looking statement made by us in this quarterly report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

The following discussion and analysis of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included in Item 1 of this Quarterly Report on Form 10-Q as well as the other factors described in "Risk Factors" under Part II—Item 1A of this report and the information provided in our 2014 Form 10-K.

Our Products

Our principal products include the following:

DEFINITY is an ultrasound contrast agent used in ultrasound exams of the heart, also known as echocardiography exams. DEFINITY contains perflutren-containing lipid microspheres and is indicated in the United States for use in patients with suboptimal echocardiograms to assist in imaging the left ventricular chamber and left endocardial border of the heart in ultrasound procedures. We launched DEFINITY in 2001, and its last patent in the United States will currently expire in 2021 and in numerous foreign jurisdictions in 2019. We also have an active life cycle management program for this agent.

TechneLite is a technetium generator which provides the essential nuclear material used by radiopharmacies to radiolabel Cardiolite, Neurolite and other technetium-based radiopharmaceuticals used in nuclear medicine procedures. TechneLite uses Molybdenum-99, or Moly, as its main active ingredient.

Xenon is a radiopharmaceutical gas that is inhaled and used to assess pulmonary function and also for imaging blood flow. Xenon is manufactured by a third party and packaged by us.

Sales of our contrast agent, DEFINITY, are made through our sales team of approximately 80 employees. In the United States, our nuclear imaging products, including TechneLite, Xenon, Cardiolite and Neurolite, are primarily distributed through approximately 350 radiopharmacies that are controlled by or associated with Cardinal, GE Healthcare, United Pharmacy Partners, or UPPI, and Triad. A small portion of our nuclear imaging product sales in the United States are made through our direct sales force to hospitals and clinics that maintain their own in-house radiopharmaceutical capabilities. Outside the United States, we own four radiopharmacies in Canada and two radiopharmacies in each of Puerto Rico and Australia. We also maintain a direct sales force in each of these countries. In Europe, Asia Pacific and Latin America, we rely on third party distributors to market, sell and distribute our nuclear imaging and contrast agent products, either on a country-by-country basis or on a multicountry regional basis.

The following table sets forth our revenue derived from our principal products:

(dollars in thousands)	Three Months Ended March 31, 2015	%	2014	%
DEFINITY	$25,666	34.3	$22,359	30.5
TechneLite	20,860	27.9	23,041	31.4
Xenon	13,194	17.6	9,709	13.2
Other	15,103	20.2	18,227	24.9
Revenues	$74,823	100.0	$73,336	100.0

Key Factors Affecting Our Results

Our business and financial performance have been, and continue to be, affected by the following:

Growth of DEFINITY

We believe the market opportunity for our contrast agent, DEFINITY, remains significant. DEFINITY is currently our fastest growing and highest margin commercial product. We believe that DEFINITY sales will continue to grow and that DEFINITY will constitute a greater share of our overall product mix. As a result of DEFINITY's continued growth, we believe that our gross profit will increase, and our gross margin will continue to expand. As we better educate the physician and healthcare provider community about the benefits and risks of this product, we believe we will experience further penetration of suboptimal echocardiograms.

Prior to the supply issues with BVL in 2012, sales of DEFINITY continually increased year-over-year since June 2008, when the boxed warning on DEFINITY was modified. Unit sales of DEFINITY had decreased substantially in late 2007 and early 2008 as a result of an FDA request in October 2007 that we and GE Healthcare, which distributes Optison, a competitor to DEFINITY, add a boxed warning to their products to notify physicians and patients about potentially serious safety concerns or risks posed by the products. However, in May 2008, the FDA boxed warning was modified in response to the substantial advocacy efforts of prescribing physicians. In October 2011, we received FDA approval of further modifications to the DEFINITY label, including: further relaxing the boxed warning; eliminating the sentence in the Indication and Use section "The safety and efficacy of DEFINITY with exercise stress or pharmacologic stress testing have not been established" (previously added in October 2007 in connection with the imposition of the box warning); and including summary data from the post-approval CaRES (Contrast echocardiography Registry for Safety Surveillance) safety registry and the post-approval pulmonary hypertension study. Bracco's newly approved ultrasound contrast agent, Lumason, has substantially similar safety labeling as DEFINITY. As discussed below under "Inventory Supply," the future growth of our DEFINITY sales will be dependent on the ability of JHS and, if approved, Pharmalucence to continue to manufacture and release DEFINITY on a timely and consistent basis and our ability to continue to increase segment penetration for DEFINITY in suboptimal echocardiograms.

There are three echocardiography contrast agents approved by the FDA for sale in the U.S.: DEFINITY which as of December 2014 had an approximately 78% segment share, Optison, and Lumason approved by the FDA in October 2014. Lumason is known as SonoVue outside of the U.S. and is already approved for sale in Europe and certain Asian markets, including China, Japan and Korea. While we believe that additional promotion in the U.S. echocardiography segment will help raise awareness around the value that echocardiography contrast brings and potentially increase the overall contrast penetration rate, if Bracco successfully commercializes Lumason in the U.S. without otherwise increasing the overall usage of ultrasound contrast agents, our own growth expectations for DEFINITY revenue, gross profit and gross margin may have to be adjusted.

Global Isotope Supply

Currently, our largest supplier of Moly and our only supplier of Xenon is Nordion, which relies on the NRU reactor in Chalk River, Ontario. For Moly, we currently have a supply agreement with Nordion that runs through December 31, 2015, subject to certain early termination provisions, and supply agreements with ANSTO of Australia, Institute for Radioelements, or IRE, of Belgium, and NTP Radioisotopes, or NTP, of South Africa each running through December 31, 2017. For Xenon, we have a purchase order relationship with Nordion. The Canadian government requires the NRU reactor to shut down for at least four weeks at least once a year for inspection and maintenance. The 2015 shutdown period will run from April 13, 2015 until May 13, 2015. During the 2014 shutdown, we were able to source all of our standing order customer demand for Moly from our other suppliers. However, because Xenon is a by-product of the Moly production process and is currently captured only by NRU, during the shutdown period, we are not

able to supply all of our standing order customer demand for Xenon. Because the month-long NRU shutdown was fully anticipated in our 2014 budgeting process, the shutdown did not have a material adverse effect on our 2014 results of operations, financial condition and cash flows and we do not anticipate the 2015 shutdown will have any different effect.

We believe we are well-positioned with our current supply partners to have a secure supply of Moly, including low-enriched uranium, or LEU, Moly, when the NRU reactor transitions in October 2016 from providing regular supply of medical isotopes to providing only emergency back-up supply medical isotopes through March 2018. ANSTO has under construction, in cooperation with NTP, a new Moly processing facility that ANSTO believes will expand its production capacity by approximately 2.5 times, with expanded commercial production planned to start in mid-2016. This new ANSTO production capacity is expected to replace the NRU's current routine production. In January 2015, we announced entering into a new strategic agreement with IRE for the future supply of Xenon. Under the terms of the agreement, IRE will provide bulk Xenon to us for processing and finishing once development work has been completed and all necessary regulatory approvals have been obtained. We currently estimate commercial production will occur in 2016. If we are not able to begin providing commercial quantities of Xenon prior to the NRU reactor's supply transition in 2016, there may be a period of time during which we are not able to offer Xenon in our portfolio of commercial products.

Inventory Supply

Our products consist of radiopharmaceuticals and other imaging agents. The radiopharmaceuticals are decaying radioisotopes with half-lives ranging from a few hours to several days. These products cannot be kept in inventory because of their limited useful lives and are subject to just-in-time manufacturing, processing and distribution. We obtain a substantial portion of our other imaging agents from third party suppliers. JHS is currently our sole source manufacturer of DEFINITY and Neurolite and we have ongoing technology transfer activities at JHS for our Cardiolite product supply. In the meantime, our Cardiolite product supply is manufactured by a single manufacturer. Until JHS is approved by certain foreign regulatory authorities to manufacture certain of our products, we will face continued limitations on where we can sell those products outside of the U.S.

In addition to JHS, we are also currently working to secure additional alternative suppliers for our key products as part of our ongoing supply chain diversification strategy. On November 12, 2013, we entered into a Manufacturing and Supply Agreement with Pharmalucence to manufacture and supply DEFINITY. We currently believe that we will file for FDA approval to manufacture DEFINITY at Pharmalucence in 2015.

Demand for TechneLite

Since the global Moly supply shortage in 2009 to 2010, we have experienced reduced demand for TechneLite generators from pre-shortage levels even though volume has increased in absolute terms from levels during the shortage following the return of our normal Moly supply in August 2010. However, we do not know if overall industry demand for technetium will ever return to pre-shortage levels.

We also believe that there has been an overall decline in the MPI study market because decreased levels of patient studies during the Moly shortage period have not returned to pre-shortage levels and industry-wide cost-containment initiatives that have resulted in a transition of where imaging procedures are performed, from free standing imaging centers to the hospital setting. We expect these factors will continue to affect technetium demand in the future.

In November 2014, CMS announced the 2015 final Medicare payment rules for hospital outpatient settings. Under the final rules, each technetium dose produced from a generator for a diagnostic procedure in a hospital outpatient setting is reimbursed by Medicare at a higher rate if that technetium dose is produced from a generator containing Moly sourced from at least 95 percent LEU. We currently understand that CMS expects to continue this incentive program for the foreseeable future. In January 2013, we began to offer a TechneLite generator which contains Moly sourced from at least 95 percent LEU and which satisfies the requirements for reimbursement under this incentive program. Although demand for LEU generators appears to be growing, we do not know when, or if, this incremental reimbursement for LEU Moly generators will result in a material increase in our generator sales.

Cardinal Supply Agreements

Our written supply agreements with Cardinal relating to TechneLite generators, Xenon, Neurolite, Cardiolite and certain other products expired in accordance with their terms on December 31, 2014. Following extended discussions with Cardinal that have not yet resulted in one or more new written supply agreements, we are currently accepting and fulfilling product orders from Cardinal on a purchase order basis at list price. We cannot predict the volumes or product mix Cardinal will continue to order and purchase, and such volumes and product mix may vary over time. In the absence of written supply agreements with Cardinal, unit sales volumes decreased in the first quarter of 2015 from levels experienced throughout 2014, but such sales have been at substantially higher prices. However, ultimate future levels of net revenue and operating profit associated with Cardinal cannot be predicted at this time because such amounts depend on future unit sales volumes, product mix and pricing to Cardinal.

Research and Development Expenses

To remain a leader in the marketplace, we have historically made substantial investments in new product development. As a result, the positive contributions of those internally funded research and development, or R&D, programs have been a key factor in our historical results and success. In March 2013, we began to implement a strategic shift in how we will fund our important R&D programs. We have reduced our internal R&D resources while at the same time we are seeking to engage strategic partners to assist us in the further development and commercialization of our important agents in development, including flurpiridaz F 18, 18F LMI 1195 and LMI 1174. As a result of this shift, we are seeking strategic partners to assist us with the further development and possible commercialization of flurpiridaz F 18. For our other two important agents in development, 18F LMI 1195 and LMI 1174, we will also seek to engage strategic partners to assist us with the ongoing development activities relating to these agents.

Segments

We report our results of operations in two operating segments: United States and International. We generate a greater proportion of our revenue and net income in the United States segment, which consists of all regions of the United States with the exception of Puerto Rico. We expect our percentage of revenue and net income derived from our International segment to continue to increase in future periods as we continue to expand globally.

Executive Overview

Our results in the three months ended March 31, 2015 reflect the following:

- increased revenues and segment penetration for DEFINITY in the suboptimal echocardiogram segment as a result of our sales efforts and sustained availability of product supply;
- increased revenues for Xenon, mainly the result of higher selling prices, offset in part by mix shift among certain sales channels;
- increased depreciation associated with the scheduled decommissioning of certain long-lived assets;
- decreased revenues from our TechneLite generators in absence of Cardinal agreements; and
- lower international revenues across product lines because of unfavorable foreign exchange and competitive pressures.

Results of Operations

	For the Three Months Ended March 31,	
(dollars in thousands)	2015	2014
Revenues	$ 74,823	$ 73,336
Cost of goods sold	39,054	43,275
Gross profit	35,769	30,061
Operating expenses		
Sales and marketing expenses	9,072	9,498
General and administrative expenses	8,841	8,852
Research and development expenses	6,196	3,222
Total operating expenses	24,109	21,572
Operating income	11,660	8,489
Interest expense, net	(10,623)	(10,552)
Other expense, net	(383)	(414)
Income (loss) before income taxes	654	(2,477)
Benefit for income taxes	(3)	(1,192)
Net income (loss)	657	(1,285)
Foreign currency translation	(358)	(271)
Total comprehensive income (loss)	$ 299	$ (1,556)

Revenues

Revenues are summarized as follows:

(dollars in thousands)	Three Months Ended March 31, 2015	2014
United States		
DEFINITY	$25,182	$21,984
TechneLite	18,173	20,100
Xenon	13,186	9,705
Other	4,126	5,022
Total U.S. revenues	$60,667	$56,811
International		
DEFINITY	$ 484	$ 375
TechneLite	2,687	2,941
Xenon	8	4
Other	10,977	13,205
Total International revenues	$14,156	$16,525
Revenues	$74,823	$73,336

Total revenues increased $1.5 million, or 2.0%, to $74.8 million in the three months ended March 31, 2015, as compared to $73.3 million in the three months ended March 31, 2014. U.S. segment revenue increased $3.9 million, or 6.8%, to $60.7 million in the same period, as compared to $56.8 million in the prior year. The U.S. segment increase is due to a $3.5 million increase in Xenon primarily as a result of higher selling prices and an increase of $3.2 million in DEFINITY as a result of higher unit volumes. Offsetting these increases was a decrease of $1.9 million in TechneLite primarily related to lower volumes and a decrease in license revenue of approximately of $0.9 million over the prior quarter period as a result of a contract ending in December 2014 that had contained a license fee that was recognized on a straight-line basis over the term of the agreement.

The International segment revenues decreased $2.4 million, or 14.3%, to $14.2 million in the three months ended March 31, 2015, as compared to $16.5 million in the three months ended March 31, 2014. The decrease in the International segment over the prior year period is primarily due to $1.3 million unfavorable foreign exchange and $0.9 million in Cardiolite revenues as a result of competitive pressures.

Rebates and Allowances

Estimates for rebates and allowances represent our estimated obligations under contractual arrangements with third parties. Rebate accruals and allowances are recorded in the same period the related revenue is recognized, resulting in a reduction to revenue and the establishment of a liability which is included in accrued expenses. These rebates result from performance-based offers that are primarily based on attaining contractually specified sales volumes and growth, Medicaid rebate programs for certain products, administrative fees of group purchasing organizations, royalties and certain distributor related commissions. The calculation of the accrual for these rebates and allowances is based on an estimate of the third party's buying patterns and the resulting applicable contractual rebate or commission rate(s) to be earned over a contractual period.

An analysis of the amount of, and change in, reserves is summarized as follows:

(dollars in thousands)	Rebates	Allowances	Total
Balance, as of January 1, 2014	$ 1,739	$ 20	$ 1,759
Current provisions relating to revenues in current year	5,773	310	6,083
Adjustments relating to prior years' estimate	(18)	—	(18)
Payments/credits relating to revenues in current year	(4,264)	(284)	(4,548)
Payments/credits relating to revenues in prior years	(1,066)	(20)	(1,086)
Balance, as of December 31, 2014	2,164	26	2,190
Current provisions relating to revenues in current year	1,472	65	1,537
Adjustments relating to prior years' estimate	(36)	(9)	(45)

(dollars in thousands)	Rebates	Allowances	Total
Payments/credits relating to revenues in current year	(461)	(42)	(503)
Payments/credits relating to revenues in prior years	(1,105)	(17)	(1,122)
Balance, as of March 31, 2015	$ 2,034	$ 23	$ 2,057

Accrued sales rebates were approximately $2.0 million and $2.2 million at March 31, 2015 and December 31, 2014, respectively. The $0.2 million decrease in accrued sales rebates is primarily due to expiration of a DEFINITY rebate program.

Costs of Goods Sold

Cost of goods sold consists of manufacturing, distribution, intangible asset amortization and other costs related to our commercial products. In addition, it includes the write-off of excess and obsolete inventory.

Cost of goods sold is summarized as follows:

	Three Months Ended March 31,	
(dollars in thousands)	2015	2014
United States	$26,862	$31,265
International	12,192	12,010
Total Cost of Goods Sold	$39,054	$43,275

Total cost of goods sold decreased $4.2 million, or 9.8%, to $39.1 million in the three months ended March 31, 2015, as compared to $43.3 million in the three months ended March 31, 2014. U.S. segment cost of goods sold decreased approximately $4.4 million, or 14.1%, to $26.9 million in the three months ended March 31, 2015, as compared to $31.3 million in the prior year period. The decrease in the U.S. segment cost of goods sold was due to a decrease of $3.2 million in TechneLite cost of goods sold due to lower sales unit volumes. In addition, there was a $2.1 million decrease in Neurolite cost of goods sold primarily due to lower technology transfer costs. Offsetting these decreases was a $1.5 million increase in DEFINITY cost of goods sold due to higher sales unit volumes and higher technology transfer costs.

For the three months ended March 31, 2015, the International segment cost of goods sold increased $0.2 million, or 1.5%, to $12.2 million, as compared to $12.0 million in the prior year period. Cost of goods sold in our International segment increased primarily due to a $1.3 million increase in manufacturing costs for certain products. Offsetting this increase was a favorable foreign exchange impact of $0.6 million and a $0.5 million decrease due to lower sales volume.

Gross Profit

	Three Months Ended March 31,	
(dollars in thousands)	2015	2014
United States	$33,805	$25,546
International	1,964	4,515
Total Gross Profit	$35,769	$30,061

Total gross profit increased $5.7 million, or 19.0%, to $35.8 million in the three months ended March 31, 2015, as compared to $30.1 million in the three months ended March 31, 2014. U.S. segment gross profit increased $8.3 million, or 32.3%, to $33.8 million, as compared to $25.5 million in the prior year period. Gross profit in the U.S. segment increased primarily due to a $2.9 million increase in Xenon due to higher selling prices, a $2.4 million increase in Neurolite gross profit due to higher selling prices and lower technology transfer costs, a $1.7 million increase in DEFINITY gross profit due to higher unit volumes and a $1.3 million increase in TechneLite gross profit primarily due to lower material costs and higher selling prices.

For the three months ended March 31, 2015, the International segment gross profit decreased $2.6 million, or 56.5%, to $2.0 million, as compared to $4.5 million in the prior year period. Gross profit in our International segment decreased primarily due to a $1.3 million increase in manufacturing costs for certain products. This decrease is also driven by an unfavorable foreign exchange impact of $0.7 million and a $0.6 million decrease due to lower sales volume.

Sales and Marketing

(dollars in thousands)	Three Months Ended March 31, 2015	2014
United States	$8,068	$8,300
International	1,004	1,198
Total Sales and Marketing	$9,072	$9,498

Sales and marketing expenses consist primarily of salaries and other related costs for personnel in field sales, marketing, business development and customer service functions. Other costs in sales and marketing expenses include the development and printing of advertising and promotional material, professional services, market research and sales meetings.

Total sales and marketing expenses decreased $0.4 million, or 4.5%, to $9.1 million in the three months ended March 31, 2015, as compared to $9.5 million in the three months ended March 31, 2014. In the U.S. segment, sales and marketing expense decreased $0.2 million, or 2.8%, to $8.1 million in the same period, as compared to $8.3 million in the prior year. The decrease was primarily due to the timing of sales force meetings and trainings.

For the three months ended March 31, 2015, sales and marketing expenses in the International segment decreased $0.2 million or 16.2%, to $1.0 million as compared to $1.2 million in the prior year period. This decrease was primarily due to lower headcount and a favorable foreign exchange impact.

General and Administrative

(dollars in thousands)	Three Months Ended March 31, 2015	2014
United States	$8,458	$8,281
International	383	571
Total General and Administrative	$8,841	$8,852

General and administrative expenses consist of salaries and other related costs for personnel in executive, finance, legal, information technology and human resource functions. Other costs included in general and administrative expenses are professional fees for information technology services, external legal fees, consulting and accounting services as well as bad debt expense, certain facility and insurance costs, including director and officer liability insurance.

Total general and administrative expenses general and administrative expenses remained flat as compared to the prior year period. In the U.S. segment, general and administrative expenses increased $0.2 million, or 2.1%, to $8.5 million, as compared to $8.3 million in the prior year period. The increase was primarily due to higher employee related expenses, offset in part by lower legal fees.

For the three months ended March 31, 2015, general and administrative expenses in the International segment decreased $0.2 million or 32.9%, to $0.4 million as compared to $0.6 million in the prior year period. This decrease was primarily due to lower headcount and a favorable foreign exchange impact.

Research and Development

(dollars in thousands)	Three Months Ended March 31, 2015	2014
United States	$6,015	$3,114
International	181	108
Total Research and Development	$6,196	$3,222

Research and development expenses relate primarily to the development of new products to add to our portfolio and costs related to its medical affairs, medical information and regulatory functions. We do not allocate research and development expenses incurred in the United States to our International segment.

Total research and development expense increased $3.0 million, or 92.3%, to $6.2 million for the three months ended March 31, 2015, as compared to $3.2 million in the three months ended March 31, 2014. In the U.S. segment, research and development expense increased approximately $2.9 million, or 93.2%, to $6.0 million, as compared to $3.1 million in the prior year period. Research and development expense increase in the U.S. segment was driven by an increase of $3.4 million of depreciation expense due to the scheduled decommissioning of certain long-lived assets associated with R&D operations, partially offset by decreases in external professional services.

For the three months ended March 31, 2015, research and development expenses in the International segment increased $0.1 million or 67.6%, to $0.2 million as compared to $0.1 million in the prior year period. The increase in research and development expenses for the International segment was primarily due to increased regulatory costs.

Other Expense, Net

	Three Months Ended March 31,	
(dollars in thousands)	**2015**	**2014**
Interest expense	$(10,630)	$(10,560)
Interest income	7	8
Other expense, net	(383)	(414)
Total other expense, net	$(11,006)	$(10,966)

Interest Expense

For the three months ended March 31, 2015, compared to the same period in 2014, interest expense increased by $0.1 million as a result of result of increased amortization related to deferred financing costs.

Interest Income

For the three months ended March 31, 2015, compared to the same period in 2014, interest income remained consistent.

Other Expense, net

For the three months ended March 31, 2015, compared to the same period in 2014, other expense remained consistent.

Benefit for Income Taxes

	Three Months Ended March 31,	
(dollars in thousands)	**2015**	**2014**
Benefit for income taxes	$ (3)	$ (1,192)

For the three months ended March 31, 2015 and 2014, our effective tax rate was (0.5)% and 48.1%, respectively. The $1.2 million decrease in tax benefit for the three months ended March 31, 2015, as compared to the same period in 2014, was impacted primarily by settlements of state tax audits. Considering our history of losses, we continue to maintain a valuation allowance against substantially all of our net deferred tax assets. Our benefit for income taxes results primarily from reversals of uncertain tax positions as statutes lapse or are settled during the year, offset by taxes due in certain foreign jurisdictions where we generate taxable income, as well as interest and penalties associated with uncertain tax positions. The following items had the most significant impact on the difference between our statutory U.S. federal income tax rate of 35% and our effective tax rate during the years ended:

March 31, 2015

- A $0.7 million decrease in our uncertain tax positions relating to a state tax settlement.
- A $0.7 million increase in our uncertain tax positions relating to state tax nexus.

March 31, 2014

- A $1.1 million decrease in our uncertain tax positions relating to a state tax settlement and state tax nexus and transfer pricing matters.

Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash flows:

	Three Months Ended March 31,		
(dollars in thousands)	**2015**	**2014**	**$ Change**
Cash provided by (used in):			
Operating activities	$15,157	$ (15)	$15,172
Investing activities	$ (3,498)	$(1,462)	$ (2,036)
Financing activities	$ (459)	$ (63)	$ (396)

Net Cash Provided by (Used in) Operating Activities

Cash provided by operating activities is primarily driven by our earnings and changes in working capital. The increase in cash provided by operating activities for the three months ended March 31, 2015 as compared to 2014 was primarily driven by an increase in net income, adjusted for non-cash items, primarily, depreciation and amortization and an increase in cash flows from accounts receivable due to the improved timing of collections with significant customers.

Net Cash Used in Investing Activities

The increase in net cash used in investing activities in the three months ended March 31, 2015 as compared to 2014 primarily reflects increased spending on the purchase of property and equipment.

Net Cash Used in Financing Activities

Our primary historical uses of cash in financing activities are principal payments on our term loan and financing costs. The increase in net cash used financing activities in the three months ended March 31, 2015 as compared to 2014 was primarily driven by an increase in payments to our parent.

External Sources of Liquidity

Since 2010, in addition to revenues provided by the sales of our products, our primary source of external liquidity has been the proceeds from the issuance of the $400.0 million 9.750% Senior Notes due in May of 2017, or the Notes. We also have outstanding a revolving credit facility, or the Facility, that has a borrowing capacity of $50.0 million.

The revolving loans under our Facility bear interest subject to a pricing grid based on average historical excess availability under our Facility, with pricing based from time to time at our election at (i) LIBOR plus a spread of 2.00% or (ii) the Reference Rate (as defined in our revolving credit facility) plus a spread of 1.00%. Our revolving credit facility also includes an unused line fee, which, subsequent to the amendment, is set at 0.375%. Our revolving credit facility expires on the earlier of (i) July 3, 2018 or (ii) if the outstanding Notes are not refinanced in full, the date that is 91 days before the maturity thereof, at which time all outstanding borrowings are due and payable.

As of March 31, 2015 and December 31, 2014, we had an unfunded Standby Letter of Credit for up to $8.8 million. The unfunded Standby Letter of Credit requires annual fees, payable quarterly, which, subsequent to the amendment, is set at LIBOR plus a spread of 2.00% and expires on February 5, 2016, which will automatically renew for a one year period at each anniversary date, unless we elect not to renew in writing within 60 days prior to such expiration.

Our Facility is secured by a pledge of substantially all of the assets of LMI, together with the assets of Lantheus Intermediate and assets of Lantheus MI Real Estate, LLC, or Lantheus Real Estate, including each such entity's accounts receivable, inventory and machinery and equipment, and is guaranteed by each of Lantheus Intermediate and Lantheus Real Estate. Borrowing capacity is determined by reference to a borrowing base, or the Borrowing Base, which is based on (i) a percentage of certain eligible accounts receivable, inventory and machinery and equipment minus (ii) any reserves. As of March 31, 2015, the aggregate Borrowing Base was approximately $45.8 million, which was reduced by (i) an outstanding $8.8 million unfunded Standby Letter of Credit and (ii) an $8.1 million outstanding loan balance including interest, resulting in a net borrowing base availability of approximately $28.9 million.

Our Facility contains affirmative and negative covenants, as well as restrictions on the ability of Lantheus Intermediate, us and our subsidiaries to: (i) incur additional indebtedness or issue preferred stock; (ii) repay subordinated indebtedness prior to its stated maturity; (iii) pay dividends on, repurchase or make distributions in respect of capital stock or make other restricted payments; (iv) make certain investments; (v) sell certain assets; (vi) create liens; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and (viii) enter into certain transactions with our affiliates. Our revolving credit facility also contains customary default provisions as well as cash dominion provisions which allow the lender to sweep our accounts during the period (x) certain specified events of default are continuing under our revolving credit facility or (y) excess availability under our revolving credit facility falls below (i) the greater of $5.0 million or 15% of the then-current borrowing base for a period of more than five consecutive Business Days or (ii) $3.5 million. During a covenant trigger period, we are required to comply with a consolidated fixed charge coverage ratio of not less than 1:00:1:00. The fixed charge coverage ratio is calculated on a consolidated basis for Lantheus Intermediate and its subsidiaries for a trailing four-fiscal quarter period basis, as (i) EBITDA (as defined in the agreement) minus capital expenditures minus certain restricted payments divided by (ii) interest plus taxes paid or payable in cash plus certain restricted payments made in cash plus scheduled principal payments paid or payable in cash.

Our ability to fund our future capital needs will be affected by our ability to continue to generate cash from operations and may be affected by our ability to access the capital markets, money markets, or other sources of funding, as well as the capacity and terms of our financing arrangements.

We may from time to time repurchase or otherwise retire our debt and take other steps to reduce our debt or otherwise improve our balance sheet. These actions may include open market repurchases of any notes outstanding, prepayments of our term loans or other retirements or refinancing of outstanding debt, privately negotiated transactions or otherwise. The amount of debt that may be repurchased or otherwise retired, if any, would be decided at the sole discretion of our Board of Directors and will depend on market conditions, trading levels of our debt from time to time, our cash position and other considerations.

Funding Requirements

Our future capital requirements will depend on many factors, including:

- our ability to have product manufactured and released from JHS and other manufacturing sites in a timely manner in the future;
- the pricing environment and the level of product sales of our currently marketed products, particularly DEFINITY, and any additional products that we may market in the future;
- revenue mix shifts and associated volume and selling price changes that could result from contractual status changes with key customers;
- the costs of further commercialization of our existing products, particularly in international markets, including product marketing, sales and distribution and whether we obtain local partners to help share such commercialization costs;
- the costs of investing in our facilities, equipment and technology infrastructure;
- the costs and timing of establishing manufacturing and supply arrangements for commercial supplies of our products;
- the extent to which we acquire or invest in products, businesses and technologies;
- the extent to which we choose to establish collaboration, co- promotion, distribution or other similar arrangements for our marketed products;
- the legal costs relating to maintaining, expanding and enforcing our intellectual property portfolio, pursuing insurance or other claims and defending against product liability, regulatory compliance or other claims; and
- the cost of interest on any additional borrowings which we may incur under our financing arrangements.

Until we successfully become dual sourced for our principal products, we are vulnerable to future supply shortages. Disruption in the financial performance could also occur if we experience significant adverse changes in customer mix, broad economic downturns, adverse industry or company conditions or catastrophic external events. If we experience one or more of these events in the future, we may be required to implement additional expense reductions, such as a delay or elimination of discretionary spending in all functional areas, as well as scaling back select operating and strategic initiatives.

If our capital resources become insufficient to meet our future capital requirements, we would need to finance our cash needs through public or private equity offerings, assets securitizations, debt financings, sale-leasebacks or other financing or strategic alternatives, to the extent such transactions are permissible under the covenants of our Facility and the Indenture. Additional equity or debt financing, or other transactions, may not be available on acceptable terms, if at all. If any of these transactions require an amendment or waiver under the covenants in our Facility and under the Indenture, which could result in additional expenses associated with obtaining the amendment or waiver, we will seek to obtain such a waiver to remain in compliance with the covenants of our Facility and the Indenture. However, we cannot be assured that such an amendment or waiver would be granted, or that additional capital will be available on acceptable terms, if at all.

At March 31, 2015, our only current committed external source of funds is our borrowing availability under our Facility. We had $28.8 million of cash and cash equivalents at March 31, 2015. Availability under our Facility is calculated by reference to the Borrowing Base. If we are not successful in achieving our forecasted results, our accounts receivable and inventory could be negatively affected, reducing the Borrowing Base and limiting our borrowing availability.

Based on our current operating plans, we believe that our existing cash and cash equivalents, results of operations and availability under our Facility will be sufficient to continue to fund our liquidity requirements for at least the next twelve months.

Critical Accounting Estimates

The discussion and analysis of our financial position and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition and related allowances, inventory, impairments of long-lived assets including intangible assets, impairments of goodwill, income taxes including the valuation allowance for deferred tax assets, valuation of investments, research and development expenses, contingencies and litigation, and share-based payments.

Please read Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2014 Form 10-K for the year ended December 31, 2014, for a discussion of our critical accounting estimates. There have been no material changes to our critical accounting policies or in the underlying accounting assumptions and estimates used in such policies in the three months ended March 31, 2015.

Off-Balance Sheet Arrangements

We are required to provide the U.S. Nuclear Regulatory Commission, or NRC, and Massachusetts Department of Public Health financial assurance demonstrating our ability to fund the decommissioning of our North Billerica, Massachusetts production facility upon closure, though we do not intend to close the facility. We have provided this financial assurance in the form of a $28.2 million surety bond and an $8.8 million letter of credit.

Since inception, we have not engaged in any other off-balance sheet arrangements, including structured finance, special purpose entities or variable interest entities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments to reduce these risks or for trading purposes.

Interest Rate Risk

We are subject to interest rate risk in connection with the Facility, which is variable rate indebtedness. Interest rate changes could increase the amount of our interest payments and thus negatively impact our future earnings and cash flows. As of March 31, 2015, there was $8.1 million outstanding under the Facility including interest and an $8.8 million unfunded Standby Letter of Credit, which reduced availability to $28.9 million on the Facility. Any increase in the interest rate under the Facility may have a negative impact on our future earnings to the extent we have outstanding borrowings under the Facility. The effect of a 100 basis points adverse change in market interest rates on our interest expense would be approximately $9,000. Historically, we have not used derivative financial instruments or other financial instruments to hedge such economic exposures.

Foreign Currency Risk

We face exposure to movements in foreign currency exchange rates whenever we, or any of our subsidiaries, enter into transactions with third parties that are denominated in currencies other than ours, or its, functional currency. Intercompany

transactions between entities that use different functional currencies also expose us to foreign currency risk. During the three months ended March 31, 2015 and 2014, the net impact of foreign currency changes on transactions was a loss of $0.4 million and $0.2 million, respectively. Historically, we have not used derivative financial instruments or other financial instruments to hedge such economic exposures.

Gross margins of products we manufacture at our U.S. plants and sell in currencies other than the U.S. Dollar are also affected by foreign currency exchange rate movements. Our gross margin on revenues for the three month periods ended March 31, 2015 and 2014 was 47.8% and 41.0%, respectively. If the U.S. Dollar had been stronger by 1%, 5% or 10%, compared to the actual rates during the three months ended March 31, 2015, we estimate our gross margin on revenues would have increased by 0.1%, 0.3% and 0.7%, respectively. If the U.S. Dollar had been stronger by 1%, 5% or 10%, compared to the actual rates during the three months ended March 31, 2014, we estimate our gross margin on revenues would have increased by 0.0%, 0.2% and 0.5%, respectively.

In addition, a portion of our earnings is generated by our foreign subsidiaries, whose functional currencies are other than the U.S. Dollar. Our earnings could be materially impacted by movements in foreign currency exchange rates upon the translation of the earnings of those subsidiaries into the U.S. Dollar. The Canadian Dollar presents the primary currency risk on our earnings.

If the U.S. Dollar had been uniformly stronger by 1%, 5% or 10%, compared to the actual average exchange rates used to translate the financial results of our foreign subsidiaries, our revenues and net income for the three months ended March 31, 2015 would have been impacted by approximately the following amounts:

Increase in U.S. Dollar to Applicable Foreign Currency Exchange Rate	Approximate Decrease in Revenues	Approximate Increase in Net Income
	(dollars in thousands)	
1%	$ (94)	$ 22
5%	(469)	108
10%	(938)	215

If the U.S. Dollar had been uniformly stronger by 1%, 5% or 10%, compared to the actual average exchange rates used to translate the financial results of our foreign subsidiaries, our revenues and net loss for the three months ended March 31, 2014 would have been impacted by approximately the following amounts:

Increase in U.S. Dollar to Applicable Foreign Currency Exchange Rate	Approximate Decrease in Revenues	Approximate Decrease in Net Loss
	(dollars in thousands)	
1%	$ (112)	$ (5)
5%	(558)	(24)
10%	(1,116)	(49)

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or 15d-15(e) promulgated under the Exchange Act. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes during the quarter ended March 31, 2015 in our internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are a party to various legal proceedings arising in the ordinary course of business. In addition, we have in the past been, and may in the future be, subject to investigations by governmental and regulatory authorities which exposes us to greater risks associated with litigation, regulatory or other proceedings, as a result of which we could be required to pay significant fines or penalties. The outcome of litigation, regulatory or other proceedings cannot be predicted with certainty, and some lawsuits, claims, actions or proceedings may be disposed of unfavorably to us. In addition, intellectual property disputes often have a risk of injunctive relief which, if imposed against us, could materially and adversely affect our financial condition or results of operations.

On December 16, 2010, we filed suit against one of our insurance carriers seeking to recover business interruption losses associated with the NRU reactor shutdown and the ensuing global Moly supply shortage (*Lantheus Medical Imaging, Inc., Plaintiff v. Zurich American Insurance Company, Defendant,* United States District Court, Southern District of New York, Case No. 10 Civ 9371). The claim is the result of the shutdown of the NRU reactor in Chalk River, Ontario. The NRU reactor was off-line from May 2009 until August 2010. The defendant answered the complaint on January 21, 2011, denying substantially all of the allegations, presenting certain defenses and requesting dismissal of the case with costs and disbursements. Discovery, including international discovery and related motion practice, has been on-going for more than three years. The defendant filed a motion for summary judgment on July 14, 2014. The Company filed a memorandum of law in opposition to defendant's motion for summary judgment on August 25, 2014. The defendant filed a reply memorandum of law in further support of its motion for summary judgment on September 15, 2014. Expert witness discovery was completed on October 31, 2014. On March 25, 2015, the United States District Court for the Southern District of New York granted defendant's motion for summary judgment. We are continuing to evaluate all of our options, at this stage. We cannot be certain when, if ever, we will be able to recover for business interruption losses related to this matter and in what amount, if any.

Except as noted above, as of March 31, 2015, we had no material ongoing litigation, regulatory or other proceeding and had no knowledge of any investigations by governmental or regulatory authorities in which we are a target that could have a material adverse effect on our current business.

Item 1A. Risk Factors

There have been no changes in the risk factors set forth in our 2014 Form 10-K for the fiscal year ended December 31, 2014. For further information, refer to Part I—Item IA. "Risk Factors," in our 2014 Form 10-K for the fiscal year ended December 31, 2014.

Any of these factors either alone or taken together could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Item 4. Mine Safety Disclosures.

None.

Item 6. Exhibits

10.1*	Amended and Restated Employment Agreement, effective March 16, 2015, by and between Lantheus Medical Imaging, Inc. and Mary Anne Heino.
10.2	Amendment to Lantheus Holdings, Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Lantheus Medical Imaging, Inc.'s Current Report on Form 8-K filed with the Commission on April 10, 2015 (file number 333-169785)).
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANTHEUS MEDICAL IMAGING, INC.

By: /S/ JEFFREY BAILEY
Name: Jeffrey Bailey
Title: *President and Chief Executive Officer*
Date: May 5, 2015

LANTHEUS MEDICAL IMAGING, INC.

By: /S/ JOHN BAKEWELL
Name: John Bakewell
Title: *Chief Financial Officer*
Date: May 5, 2015

EXHIBIT INDEX

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* Filed herewith.

Exhibit 10.1

Execution Version

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "**Agreement**") effective as of March 16, 2015 by and between Lantheus Medical Imaging, Inc., a Delaware corporation (the "**Company**") and **Mary Anne Heino** ("**Executive**") supersedes and replaces in entirety the prior agreement, which was effective as of August 12, 2013.

The Company desires to employ Executive and to enter into an agreement embodying the terms of such employment;

Executive desires to accept such employment and enter into such an Agreement.

In consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. At-Will Employment. Executive's employment with the Company commenced as of April 15, 2013. This Agreement was subsequently put in place as of March 16, 2015 (the "**Effective Date**"). Such employment shall be "at-will" employment. Subject to the terms of this Agreement, the Company may terminate Executive's employment and this Agreement for any reason at any time, with or without prior notice and with or without Cause (as defined herein), but subject to certain terms set forth in Section 8 below. Similarly, subject to the terms of this Agreement, Executive may terminate her employment at any time, subject to Section 8 below.

2. Position.

   (a) Commencing as of the Effective Date, Executive shall serve as the Company's Chief Operating Officer and shall report to the Chief Executive Officer of the Company (the "**CEO**") or such CEO's designee. Executive shall have such duties and responsibilities as are consistent with such title and position and/or such other duties and responsibilities as may be assigned from time to time by the CEO or the Board of Directors of Lantheus Holdings, Inc. (the "**Board**"). If requested, Executive shall serve as an officer or a member of the Board of Directors of any of the Company's subsidiaries or affiliates without additional compensation.

   (b) Executive will devote Executive's full business time and best efforts to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided that nothing herein shall preclude Executive, subject to the prior approval of the Board, from accepting appointment to or continuing to serve on any board of directors or trustees of any business corporation or any charitable organization; provided in each case, and in the aggregate, that such activities do not conflict or interfere with the performance of Executive's duties hereunder or conflict with Section 9.

3. Base Salary. Effective with this Agreement and the Executive's continued employment hereunder, the Company shall pay Executive a base salary at the annualized rate of $400,000, payable in regular installments in accordance with the Company's payment practices from time to time. Executive shall be entitled to annual performance and salary review, and any increase in base salary shall be in the sole discretion of the Compensation Committee of the Board. Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "**Base Salary**".

4. Annual Bonus. With respect to each full fiscal year ending during Executive's employment hereunder, Executive shall be eligible to earn an annual bonus award of sixty percent (60%) of Executive's Base Salary (the "**Target**") based upon achievement of annual EBITDA and/or other performance targets established by the Compensation Committee of the Board within the first three months of each fiscal year (the "**Annual Bonus**"). The Annual Bonus, if any, shall be paid to Executive at the same time as an annual bonus is paid to other similarly situated executives; provided, that Executive is an active employee in good standing with the Company on such date of payment.

5. Equity. Executive shall be eligible to receive future equity awards from time to time pursuant to the Lantheus MI Holdings, Inc. 2013 Equity Incentive Plan, commensurate with Executive's level of responsibilities and the level of awards for similarly situated executives, as determined by the Compensation Committee of the Board in its sole discretion. The terms and conditions of any such equity awards shall be set forth in a separate award agreement.

6. Employee Benefits. During Executive's employment hereunder, Executive shall be entitled to participate in the Company's health, life and disability insurance, and retirement and fringe employee benefit plans as in effect from time to time (collectively "**Employee Benefits**"), on the same basis as those benefits are generally made available to other similarly situated executives of the Company.

7. Business Expenses. During Executive's employment hereunder, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.

8. Termination of Employment.

    (a) Termination By the Company Without Cause. If Executive's employment is terminated by the Company without Cause, executive shall receive the following, subject to Section 8(g):

        (i) an amount equal to Executive's Base Salary on the date of termination, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(ii) a pro rata portion of the Target Annual Bonus amount that Executive would have been eligible to receive pursuant to Section 4 hereof in such year of termination, based upon the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would be otherwise due prior thereto;

(iii) provided that Executive elects to purchase continued healthcare coverage under COBRA, an amount equal to the Company's portion of the premium for medical and dental benefits under the Company's group medical and dental plans that the Company was paying on Executive's behalf on the date of termination (which subsidy will be treated as imputed income) for a period of 12 months, with the first payment commencing on the Company's first payroll date after the 60th day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(iv) a lump sum amount equal to any earned, but unpaid, Annual Cash Bonus, if any, for the year prior to the year of termination, less taxes and withholdings, which shall be payable on the 60th day following Executive's termination of employment;

(v) a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings, which shall be payable with the Company's first payroll after Executive's termination of employment; and

(vi) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 7, incurred through the date of Executive's termination of employment.

(b) Termination Without Cause or For Good Reason following a Change of Control. If, within 12 months following the occurrence of a Change of Control (as defined in the Shareholders Agreement) of Holdings, Executive terminates her employment for Good Reason or the Company terminates Executive's employment with the Company without Cause, Executive shall receive the following, subject to Section 8(g):

(i) an amount equal to the Executive's Base Salary on the date of termination, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(ii) an amount equal to the full Target Bonus for the year of termination, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(iii) provided that Executive elects to purchase continued healthcare coverage under COBRA, an amount equal to the Company's portion of the premium for medical and dental benefits under the Company's group medical and dental plans that the Company was paying on Executive's behalf on the date of termination (which subsidy will be treated as imputed income) for a period of 12 months, with the first payment commencing on the Company's first payroll date after the 60th day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(iv) a lump sum amount equal to any earned, but unpaid, Annual Cash Bonus, if any, for the year prior to the year of termination, less taxes and withholdings, which shall be payable on the 60th day following Executive's termination of employment;

(v) a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings, which shall be payable on the first payroll date after Executive's termination of employment; and

(vi) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 7, incurred through the date of Executive's termination of employment. Executive acknowledges and agrees that, in connection with any Change of Control transaction, except as otherwise provided in a separate agreement, Executive shall not be entitled to receive, and shall not be paid, any transaction, success, sale or similar bonus or payment.

(c) Termination Due to Death or Permanent Disability. Executive's employment with the Company shall terminate automatically on Executive's death. In the event of Executive's Permanent Disability, the Company shall be entitled to terminate her employment.

For purposes of this Agreement, the "**Permanent Disability**" of Executive shall mean Executive's inability, because of mental or physical illness or incapacity, whether total or partial, to perform one or more of the material functions of

Executive's position with or without reasonable accommodation, for a period of: (i) 90 consecutive calendar days or (ii) an aggregate of 120 days out of any consecutive 12 month period, and which entitles Executive to receive benefits under a disability plan provided by the Company.

In the event of a termination of employment under this section, Executive shall be entitled to following, subject to Section 8(g):

(i) a lump sum amount equal to any earned, but unpaid, Annual Cash Bonus, if any, for the year prior to the year of termination, less taxes and withholdings, payable on the sixtieth (60th) day following Executive's termination of employment;

(ii) a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings, which shall be payable on the first payroll date after Executive's termination of employment;

(iii) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 7, incurred through the date of Executive's termination of employment; and

(iv) a pro rata portion of any Annual Cash Bonus, to the extent earned based on actual performance by the Company, that Executive would have been eligible to receive hereunder in the year of termination, based on the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment, payable at such time as any such Annual Cash Bonuses are paid to active senior executives of the Company.

(d) Other Terminations. Executive shall not be entitled to the post-termination benefits set forth in Section 8(a), Section 8(b) or Section 8(c) above if her employment with the Company ceases for any reason other than her termination by the Company without Cause, her resignation for Good Reason or her termination as a result of her death or Permanent Disability; it being understood that if Executive's employment with the Company ceases or terminates for any other reason, he will not be entitled to any severance or post-termination benefits or payments, whether hereunder or pursuant to any policy of the Company, other than a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings (payable on the first payroll date after Executive's termination of employment), and a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 3(e), incurred through the date of Executive's termination of employment; provided, that this paragraph shall not alter Executive's rights or obligations he may have or be subject to in connection with or with respect to her equity interests in Holdings, and Executive's indemnification rights shall continue to be governed in

accordance with any Directors and Officers Liability Insurance Policy that the Company may maintain and/or with the Company's certificate of incorporation or by-bylaws or similar governing document, and otherwise in accordance with Section 7.

(e) Cause Definition. For purposes of this Agreement, "**Cause**" means (i) material failure by Executive to perform Executive's employment duties (other than as a consequence of any illness, accident or disability), (ii) continued, willful failure of Executive to carry out any reasonable lawful direction of the Company, (iii) material failure of Executive to comply with any of the applicable rules of the Company contained in its Employee Handbook or any other Company policy, (iv) fraud, willful malfeasance, gross negligence or recklessness of Executive in the performance of employment duties, (v) willful failure of Executive to comply with any of the material terms of this Agreement, (vi) other serious, willful misconduct of Executive which causes material injury to the Company or its reputation, including, but not limited to, willful or gross misconduct toward any of the Company's other employees, and (vii) conviction of a crime (or a pleading of guilty or *nolo contendere*), other than one which in the opinion of the Board does not affect Executive's position as an employee of the Company.

(f) Good Reason Definition. For purposes of this Agreement, "Good Reason" shall mean, without the Executive's Consent, (A) the failure of the Company to pay, or cause to be paid, Executive's Base Salary or Bonus, as the case may be, when due, (B) a permanent decrease in the Executive's Base Salary, or a failure by the Company to pay material compensation or provide material benefits due and payable to the Executive under her Employment Agreement, (C) the Company requiring the Executive to be based at any office or location that is more than 50 miles from the Company's current headquarters in Billerica, Massachusetts, or (D) the failure of the Company to cause the transferee or successor to all or substantially all of the assets of the Company to assume by operation of law or contractually the Company's obligations hereunder, and provided further that any of the events described in clauses (A) or (D) of this section shall constitute Good Reason only if the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason, and provided further, that Good Reason shall cease to exist for an event on the 30th day following the later of its occurrence or Executive's knowledge thereof, unless Executive has given the Company written notice thereof prior to such date; For the avoidance of doubt, (x) a change in Executive's reporting relationships, including but not limited to a change in the number of direct or indirect reports to Executive, shall not constitute a material and adverse reduction in Executive's responsibilities, and (y) commensurate with Executive performing her duties Executive will be expected to work at the Company's headquarters in North Billerica, Massachusetts, as necessitated by business demands or as reasonably requested by the Company.

(g) Separation Agreement and General Release. The payments and benefits set forth in Sections 8(a), 8(b) and 8(c) above shall be expressly conditioned upon Executive's (or her estate or legal representatives, in the case of Section 4(c)) execution and delivery to the Company of a Separation Agreement and General Release in a form that is acceptable to the Company (the "**Separation Agreement**") and such Separation Agreement becoming irrevocable within sixty (60) days following Executive's termination of employment; provided, that any payments or benefits otherwise due prior to such sixtieth (60th) day shall be paid on such sixtieth (60th) day. For the avoidance of doubt, the payments and benefits set forth in Sections 8(a), 8(b) and 8(c) above shall be forfeited if such Separation Agreement has not been executed, delivered and become irrevocable within such sixty (60) day period. Such Separation Agreement shall contain release language substantially similar to the language set forth in Exhibit A attached hereto.

(h) Board/Committee Resignation. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) of any of the Company's subsidiaries or affiliates.

9. Non-Competition.

(a) Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(i) During Executive's employment with the Company and, for a period of one year following the date Executive ceases to be employed by the Company (the **"Restricted Period**"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("**Person**"), directly or indirectly solicit or assist in soliciting in competition with the Company, the business of any client or prospective client:

(1) with whom Executive had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment;

(2) with whom employees reporting to Executive had personal contact or dealings on behalf of the Company during the one year immediately preceding the Executive's termination of employment; or

(3) for whom Executive had direct or indirect responsibility during the one year immediately preceding Executive's termination of employment.

(ii) During the Restricted Period, Executive will not directly or indirectly:

(1) engage in any business that competes with the business or businesses of the Company or any of its affiliates, namely in the testing, development and manufacturing services for the development, manufacture, distribution, marketing or sale of radiopharmaceutical products, contrast imaging agents and/or radioactive generators for the global medical imaging and pharmaceutical industries, and including, without limitation, businesses which the Company or its affiliates have specific plans to conduct in the future and as to which Executive is aware of such planning (a **"Competitive Business**");

(2) enter the employ of, or render any services to, any Person (or any division or controlled or controlling affiliate of any Person) who or which engages in a Competitive Business;

(3) acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(4) interfere with, or attempt to interfere with, business relationships (whether formed before, on or after the date of this Agreement) between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates.

(iii) Notwithstanding anything to the contrary in this Agreement, Executive may, directly or indirectly, own, solely as an investment, securities of any Person engaged in the business of the Company or its affiliates which are publicly traded on a national or regional stock exchange or on the over-the-counter market if Executive (i) is not a controlling person of, or a member of a group which controls, such Person and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(iv) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(1) solicit or encourage any employee or consultant of the Company or its affiliates to leave the employment of, or cease providing services to, the Company or its affiliates; or

(2) hire any such employee or consultant who was employed by or providing services to the Company or its affiliates as of the date of Executive's termination of employment with the Company or who left the employment of or ceased providing services to the Company or its affiliates coincident with, or within one year prior to or after, the termination of Executive's employment with the Company.

(3) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 9 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(b) The provisions of this Section 9 shall survive the termination of this Agreement and Executive's employment for any reason.

10. Non-Disparagement. The Executive shall not at any time (whether during or after Executive's employment with the Company) make, or cause to be made, any statement or communicate any information (whether oral or written) that disparages or reflects negatively on the Company or any of its affiliates, except for truthful statements that may be made pursuant to legal process, including without limitation in litigation, arbitration or similar dispute resolution proceedings. This Section 10 shall survive the termination of this Agreement and Executive's employment for any reason.

11. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information - including, without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing,

promotions, government and regulatory activities and approvals - concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company on a confidential basis **("Confidential Information")** without the prior written authorization of the Board.

(ii) Confidential Information shall not include any information that is (A) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (B) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (C) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's immediate family and legal or financial advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 9, 10 and 11 of this Agreement provided they agree to maintain the confidentiality of such terms.

(iv) Upon termination of Executive's employment with the Company for any reason, Executive shall (x) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (y) immediately return to the Company all Company property and destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and (z) notify and fully cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware and promptly return any other Company property in Executive's possession.

(b) Intellectual Property.

(i) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) ("**Works**"), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ("**Prior Works**"), Executive hereby grants the Company a perpetual, nonexclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's current and future business. A list of all such material Works as of the date hereof is attached hereto as Exhibit B.

(ii) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment and/or with the use of any Company resources ("**Company Works**"), Executive shall promptly and fully disclose such works to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(iii) Executive agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings, and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(iv) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(v) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive hereby indemnifies, holds harmless and agrees to defend the Company and its officers, directors, partners, employees, agents and representatives from any breach of the foregoing covenant. Executive shall comply with all relevant policies and guidelines of the Company, including regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

(c) The provisions of this Section 11 shall survive the termination of this Agreement and Executive's employment for any reason.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 9, Section 10 or Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by, construed and interpreted in all respects, in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

(b) Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral between the Executive and the Company or any of its affiliates with respect to the Executive's employment. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(c) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(e) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(f) Set Off. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates.

(g) Dispute Resolution. Except with respect to Sections 9, 10, 11 and 12 hereof, any controversy or claim arising out of or related to any provision of this Agreement that cannot be mutually resolved by the parties hereto shall be settled by final, binding and nonappealable arbitration in New York, NY by a single mutually-acceptable arbitrator. Subject to the following provisions, the arbitration shall be conducted in accordance with the applicable rules of American Arbitration Association then in effect. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. Each party shall be responsible for its own expenses relating to the conduct of the arbitration or litigation (including attorney's fees and expenses) and shall share the fees of the American Arbitration Association and the arbitrator equally.

(h) Compliance with Section 409A of the Code. The parties acknowledge and agree that the interpretation of Section 409 A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. If, however, any such benefit or payment

is deemed to not comply with Section 409A of the Code, the Company and the Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereunder), if possible, so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved. The Company shall consult with Executive in good faith regarding the implementation of the provisions of this Section 13(h); provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto.

(i) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees of the parties hereto.

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt,

If to the Company: Lantheus Medical Imaging, Inc.
331 Treble Cove Rd.
Bldg. 600-2
N. Billerica, MA 01862
Attention: Michael Duffy,
Vice President and General Counsel
Email: Michael.Duffy@lantheus.com

If to Executive: To Executive's address on file with the Company

(k) Executive Representation. Executive hereby represents to the Company that (i) Executive has been provided with sufficient opportunity to review this Agreement and has been advised by the Company to conduct such review with an attorney of her choice, and (ii) the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

(l) Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder. This provision shall survive any termination of this Agreement or Executive's employment.

(m) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(n) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

Lantheus Medical Imaging, Inc.

/s/ Jeffrey Bailey
By: Jeffrey Bailey
Title: President and Chief Executive Officer

/s/ Mary Anne Heino
Mary Anne Heino

EXHIBIT A

RELEASE

This RELEASE ("**Release**") dated as of , 20 between Lantheus Medical Imaging, Inc., a Delaware corporation (the "**Company**"), and (the "**Executive**").

WHEREAS, the Company and the Executive previously entered into an employment agreement dated March , 2008 (the "**Employment Agreement**"); and

WHEREAS, the Executive's employment with the Company has terminated effective , 20 ;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein and in the Employment Agreement, the Company and the Executive agree as follows:

1. Executive agrees to and does waive any claims he may have for employment by the Company and agrees not to seek such employment or reemployment by the Company in the future. The Executive, on her own behalf and on behalf of her heirs, estate and beneficiaries, further does hereby release the Company, and in such capacities, any of its subsidiaries or affiliates, and each of their respective past, present and future officers, directors, agents, employees, shareholders, investors, employee benefit plans and their administrators or fiduciaries, insurers of any such entities, and its and their successors and assigns and others related to such entities from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, from the beginning of time, including those that arose as a consequence of her employment with the Company, or arising out of the separation from the Company, the severance of such employment relationship, or any act committed or omitted during or after the existence of such employment relationship, all up through and including the date on which this Release is executed, including, but not limited to, those which were, could have been or could be the subject of an administrative or judicial proceeding filed by the Executive or on her behalf under federal, state or local law, whether by statute, regulation, in contract or tort, and including, but not limited to, every claim for front pay, back pay, wages, bonus, fringe benefit, any form of discrimination, wrongful termination, tort, emotional distress, pain and suffering, breach of contract, fraud, defamation, compensatory or punitive damages, interest, attorney's fees, reinstatement or reemployment, and any rights or claims under the Civil Rights Act of 1866, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. sec. 621, et seq., the Americans with Disabilities Act, the Family and Medical Leave Act, the Civil Rights Act of 1964, Title VII, as amended, the Civil Rights Act of 1991, the Employee Retirement Income Security Act of 1974, as amended, the Equal Pay Act, the Worker Adjustment and Retraining Notification Act, the New York State Human Rights Law, the New York City Human Rights Law, the Massachusetts Civil Rights Act, the Massachusetts Equal Pay and Maternity Benefits Law, the Massachusetts Equal Rights for Elderly and

Disabled Law, the Massachusetts Small Necessities Leave Act, the Massachusetts Age Discrimination Law, or any other federal, state or local law relating to employment, discrimination in employment, termination of employment, wages, benefits or otherwise. The Executive acknowledges and agrees that even though claims and facts in addition to those now known or believed by him to exist may subsequently be discovered, it is her intention to fully settle and release all claims he may have against the Company and the persons and entities described above, whether known, unknown or suspected. Employee does not waive her right to have a charge filed with the Equal Employment Opportunity Commission ("**EEOC**") or any state civil rights agency or to participate in an investigation conducted by the EEOC or any state civil rights agency; however, Employee expressly waives her right to recover any monetary relief should any administrative agency, including but not limited to the EEOC, pursue any claim on Employee's behalf.

2. The Company and the Executive acknowledge and agree that the release contained in Paragraph 1 does not, and shall not be construed to, release or limit the scope of any existing obligation of the Company and/or any of its subsidiaries or affiliates (i) to indemnify the Executive for her acts as an officer or director of the Company and/or its subsidiaries or affiliates in accordance with their respective charters or bylaws or under an indemnification agreement to which the Executive and the Company or any of its subsidiaries are parties or under any applicable Directors and Officers insurance policies or under any applicable law or (ii) to the Executive and her eligible, participating dependents or beneficiaries under any existing group welfare (excluding severance), equity, or retirement plan of the Company in which the Executive and/or such dependents are participants.

3. The Executive acknowledges that before entering into this Release, he has had the opportunity to consult with any attorney or other advisor of the Executive's choice, and the Executive is hereby advised to consult with an attorney. The Executive further acknowledges that by signing this Release, he does so of her own free will and act, that it is her intention to be legally bound by its terms, and that no promises or representations have been made to the Executive by any person to induce the Executive to enter into this Release other than the express terms set forth herein. The Executive further acknowledges that he has carefully read this Release, knows and understands its contents and its binding legal effect, including the waiver and release of claims set forth in Paragraph 1 above.

4. The Executive acknowledges that he has been provided at least 21 days to review the Release. In the event the Executive elects to sign this Release prior to this 21 day period, he agrees that it is a knowing and voluntary waiver of her right to wait the full 21 days. The Executive further understand that he has 7 days after the signing hereof to revoke this Release by so notifying the Company, Lantheus Medical Imaging, Inc., 331 Treble Cove Rd., Bldg. 600-2, N. Billerica, MA 01862, Attention: Michael Duffy in writing, such notice to be received by the Company within the 7 day period. This Release shall not become effective or enforceable, and no payments or benefits under Sections 8(c)(ii)(B),(C) and (D) of the Employment Agreement, as applicable, shall be made or provided, until this seven (7) day revocation period expires without the Executive having revoked this Release.

[*Signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Release on the date first above written.

Lantheus Medical Imaging, Inc.

By: _____
Name:
Title:

_____
Employee Name

EXHIBIT B

PRIOR WORKS

[None]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey Bailey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lantheus Medical Imaging, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2015

/S/ JEFFREY BAILEY
Name: Jeffrey Bailey
Title: *President and Chief Executive Officer*

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Bakewell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lantheus Medical Imaging, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2015

/s/ JOHN Bakewell
Name: John Bakewell
Title: *Chief Financial Officer*

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2015 of Lantheus Medical Imaging, Inc. (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2015

/S/ JEFFREY BAILEY
Name: Jeffrey Bailey
Title: *President and Chief Executive Officer*

Dated: May 5, 2015

/s/ JOHN Bakewell
Name: John Bakewell
Title: *Chief Financial Officer*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.