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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 September 30, 2014

☐ **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 November 12, 2014.

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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.

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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 September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues	$ 75,682	$ 70,385	$224,631	$212,004
Cost of goods sold	44,044	46,664	131,873	144,524
Gross profit	31,638	23,721	92,758	67,480
Operating expenses				
Sales and marketing expenses	8,327	8,476	27,227	27,266
General and administrative expenses	8,722	7,132	26,564	25,678
Research and development expenses	3,049	5,893	8,958	25,428
Impairment of land	—	6,788	—	6,788
Total operating expenses	20,098	28,289	62,749	85,160
Operating income (loss)	11,540	(4,568)	30,009	(17,680)
Interest expense, net	(10,585)	(11,035)	(31,704)	(32,323)
Other income (expense), net	441	260	(148)	894
Income (loss) before income taxes	1,396	(15,343)	(1,843)	(49,109)
(Benefit) provision for income taxes	(56)	(279)	(374)	267
Net income (loss)	1,452	(15,064)	(1,469)	(49,376)
Foreign currency translation	(671)	417	(339)	(1,176)
Total comprehensive income (loss)	$ 781	$(14,647)	$ (1,808)	$ (50,552)

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Balance Sheets

(unaudited, in thousands, except share data)

	September 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 25,205	$ 16,669
Accounts receivable, net of allowance of $425 and $290	41,160	38,910
Inventory	16,425	18,310
Income tax receivable	448	325
Deferred tax assets	12	18
Other current assets	4,181	3,087
Total current assets	87,431	77,319
Property, plant and equipment, net	96,072	97,653
Capitalized software development costs, net	1,829	1,470
Intangibles, net	29,203	34,998
Goodwill	15,714	15,714
Deferred financing costs	7,969	9,639
Deferred tax assets	45	15
Other long-term assets	19,791	22,577
Total assets	$ 258,054	$ 259,385
Liabilities and Stockholder's Deficit		
Current liabilities		
Line of credit	$ 8,000	$ 8,000
Accounts payable	15,383	18,103
Accrued expenses and other liabilities	35,088	25,492
Deferred tax liability	57	57
Deferred revenue	1,063	3,979
Total current liabilities	59,591	55,631
Asset retirement obligation	7,244	6,385
Long-term debt, net	399,220	399,037
Deferred tax liability	8	12
Other long-term liabilities	32,407	35,408
Total liabilities	498,470	496,473
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	(3,561)	(1,259)
Additional paid-in capital	3,685	2,903
Accumulated deficit	(239,807)	(238,338)
Accumulated other comprehensive loss	(733)	(394)
Total stockholder's deficit	(240,416)	(237,088)
Total liabilities and stockholder's deficit	$ 258,054	$ 259,385

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		Due from Parent	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Deficit
	Shares	Amount					
Balance at January 1, 2013	1	$ —	$ (1,353)	$ 2,325	$ (176,660)	$ 1,335	$ (174,353)
Net loss	—	—	—	—	(61,678)	—	(61,678)
Payments from parent	—	—	94	—	—	—	94
Foreign currency translation	—	—	—	—	—	(1,729)	(1,729)
Stock-based compensation	—	—	—	578	—	—	578
Balance at December 31, 2013	1	—	(1,259)	2,903	(238,338)	(394)	(237,088)
Net loss	—	—	—	—	(1,469)	—	(1,469)
Increase in amounts due from parent	—	—	(2,302)	—	—	—	(2,302)
Foreign currency translation	—	—	—	—	—	(339)	(339)
Stock-based compensation	—	—	—	782	—	—	782
Balance at September 30, 2014	1	$ —	$ (3,561)	$ 3,685	$ (239,807)	$ (733)	$ (240,416)

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 Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities		
Net loss	$ (1,469)	$(49,376)
Adjustments to reconcile net loss to cash flow from operating activities		
Depreciation and amortization	14,808	21,694
Provision for excess and obsolete inventory	1,529	2,488
Impairment of land	—	6,788
Impairment of customer relationship intangible asset	—	1,034
Stock-based compensation	782	735
Deferred income taxes	(30)	(315)
Other	(72)	267
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	(2,383)	3,864
Inventory	668	(1,871)
Other current assets	(1,329)	1,443
Accounts payable	(2,971)	556
Accrued expenses and other liabilities	8,979	4,660
Income taxes	(123)	299
Deferred revenue	(2,941)	(4,088)
Cash provided by (used in) operating activities	15,448	(11,822)
Cash flows from investing activities		
Capital expenditures	(5,303)	(3,711)
Proceeds from sale of property, plant and equipment	227	—
Redemption of certificate of deposit—restricted	228	—
Cash used in investing activities	(4,848)	(3,711)
Cash flows from financing activities		
Proceeds from line of credit	5,500	8,000
Payments on line of credit	(5,500)	—
Payments on note payable	(52)	(1,174)
Deferred financing costs	(139)	(1,188)
Payments (to)/from parent	(1,741)	111
Cash (used in) provided by financing activities	(1,932)	5,749
Effect of foreign exchange rate on cash	(132)	(949)
Increase (decrease) in cash and cash equivalents	8,536	(10,733)
Cash and cash equivalents, beginning of period	16,669	31,595
Cash and cash equivalents, end of period	$25,205	$ 20,862
Supplemental disclosure of cash flow information		
Interest paid	$19,692	$ 19,639
Income taxes paid, net	$ 375	$ (30)
Noncash investing and financing activities		
Property, plant and equipment included in accounts payable and accrued expenses and other liabilities	$ 1,488	$ 809
Expenses to be paid on behalf of parent included in accounts payable and accrued expenses and other liabilities	$ 561	$ —

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," "Lantheus," "our company," "we," "us" and "our" 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. (formerly known as Lantheus MI 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 without the TM, SM and ® symbols. Such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks, service marks and trade names.

1. Business Overview

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 nine 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, 2013, or the 2013 Form 10-K. The Company's accounting policies are described in the "Notes to Consolidated Financial Statements" in the 2013 Form 10-K. There were no changes to the Company's accounting policies since December 31, 2013. 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 and nine months ended September 30, 2014 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Recent Events

The Company incurred a net loss of $1.5 million during the nine months ended September 30, 2014 and had an accumulated deficit of $239.8 million at September 30, 2014. During 2013, the Company relied on Ben Venue Laboratories, Inc., or BVL, as its sole manufacturer of Neurolite and as one of its two manufacturers of DEFINITY and Cardiolite. Following extended operational and regulatory challenges at BVL's Bedford, Ohio facility, as of November 15, 2013, BVL ceased manufacturing for the Company any DEFINITY, Cardiolite or Neurolite product. BVL has since released for commercial distribution all of the Company's remaining manufactured product that was awaiting BVL quality approval. The supply challenges with BVL in recent years have had a negative impact on the Company's results. The Company has taken specific steps to address the supply chain risks and reduce discretionary spend.

Following extensive technology transfer activities, the Company currently relies on Jubilant HollisterStier, or JHS, as its sole source manufacturer of DEFINITY and evacuation vials for TechneLite. The Company has additional ongoing technology transfer activities at JHS for its Neurolite product supply. In the meantime, the Company has no other currently active supplier of Neurolite, and its Cardiolite product supply is currently manufactured by a single manufacturer.

The Company is also pursuing new manufacturing relationships to establish and secure additional or alternative suppliers for its commercial products. On November 12, 2013, the Company entered into a Manufacturing and Supply Agreement with Pharmalucence to manufacture and supply DEFINITY. The Company currently believes that Pharmalucence will obtain FDA approval to manufacture DEFINITY in 2015.

Based on current projections, the Company believes that it will have sufficient supply of DEFINITY from JHS and remaining BVL inventory to meet expected demand and sufficient Cardiolite product supply from its current manufacturer to meet expected demand. The Company also currently anticipates that it will have sufficient BVL-manufactured Neurolite supply for the U.S. market to last until Neurolite technology transfer and U.S. regulatory approval at JHS are completed.

If JHS is not able to continue to manufacture and release adequate product supply on a timely and consistent basis, the Company is not successful with the remainder of its JHS technology transfer programs and cannot obtain adequate supply from JHS, or the Company is unable to continue to grow DEFINITY sales, then the Company will need to implement additional expense reductions, such as a delay or elimination of discretionary spending in all functional areas as well as in other operating and strategic initiatives.

During 2013 and 2014, the Company has utilized its 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 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 September 30, 2014, the Borrowing Base was approximately $47.5 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 $30.6 million.

The Company took actions during March 2013 to substantially reduce its discretionary spending. In particular, the Company began to implement a strategic shift in how it funds its research and development, or R&D, programs. The Company reduced its internal R&D resources during 2013, while at the same time it sought to engage one or more strategic partners to assist in the further development and commercialization of its agents in development, including flurpiridaz F 18, 18F LMI 1195 and LMI 1174. The Company has completed its 301 trial for flurpiridaz F 18 with internal funding. The Company is seeking to engage strategic partners to assist with the further development and possible commercialization of that agent. For the other two agents in development, 18F LMI 1195 and LMI 1174, the Company is also seeking to engage strategic partners to assist with the ongoing development activities relating to these agents. 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, 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 July 2013, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update , or ASU, No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," or ASU 2013-11. The amendments in ASU 2013-11 provide guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 was effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments did not have a material impact on the Company's financial position, results of operations or cash flows.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," or ASU 2014-08. The amendments in ASU 2014-08 change the criteria for reporting discontinued operations while enhancing disclosures in this area. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new guidance also requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. The amendments in the ASU are effective in the first quarter of 2015 for public companies with calendar year ends. Early adoption is permitted. The Company does not anticipate this ASU will have a material impact to the Company's financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" or ASU 2014-09. ASU 2014-09 supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The amendments in ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. The Company is currently evaluating the impact this ASU will have on the Company's financial position, results of operations and cash flows.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation – Stock Compensation (Topic 718)" or ASU 2014-12. ASU 2014-12 requires that a performance target that affects vesting and could be achieved after the requisite service period be treated as a performance condition. The amendments in ASU 2014-12 are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The Company does not anticipate this ASU will have a material impact to the Company's financial position, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-4): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" or ASU 2014-15. ASU 2014-15 to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016. Early adoption is permitted. The Company does not anticipate this ASU will have a material impact to the Company's financial position, results of operations or cash flows.

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 or 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 nine months ended September 30, 2014, the Company expensed $1.7 million of such product costs in cost of goods sold relating to Neurolite that was manufactured by JHS. At September 30, 2014 and December 31, 2013, 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. All goodwill has been allocated to the U.S. operating segment.

During the first quarter of 2013, the strategic shift in how the Company funds its R&D programs significantly altered the expected future costs and revenues associated with the Company's agents in development. Accordingly, this action was deemed to be a triggering event for an evaluation of the recoverability of the Company's goodwill as of March 31, 2013. The Company performed an interim impairment test and determined that there was no goodwill impairment as of March 31, 2013. There were no events as of September 30, 2014 and December 31, 2013 that triggered an interim impairment test of goodwill.

The Company calculates the fair value of its reporting units using the income approach, which utilizes discounted forecasted future cash flows and the market approach which utilizes fair value multiples of comparable publicly traded companies. The discounted cash flows are based on the Company's most recent long-term financial projections and are discounted using a risk adjusted rate of return, which is determined using estimates of market participant risk-adjusted weighted average costs of capital and reflects the risks associated with achieving future cash flows. The market approach is calculated using the guideline company method, where the Company uses market multiples derived from stock prices of companies engaged in the same or similar lines of business. A combination of the two methods is utilized to derive the fair value of the business in order to decrease the inherent risk associated with each model if used independently.

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 September 30, 2014 and December 31, 2013, 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.

September 30, 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	$ 2,192	$ 2,192	$ —	$ —
Certificate of deposit—restricted	93	—	93	—
Total	$ 2,285	$ 2,192	$ 93	$ —

December 31, 2013 (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	$ 1,236	$ 1,236	$ —	$ —
Certificates of deposit—restricted	322	—	322	—
Total	$ 1,558	$ 1,236	$ 322	$ —

At December 31, 2013, the Company had a $0.2 million certificate of deposit for which the Company's use of such cash was restricted and is included in the line item "Certificates of deposit—restricted" above. This investment was classified in other current assets on the condensed consolidated balance sheet and was redeemed during the quarter ended September 30, 2014. The remaining $0.1 million at both September 30, 2014 and December 31, 2013, represents a certificate of deposit that 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 September 30, 2014, the Company had total cash and cash equivalents of $25.2 million, which included approximately $2.2 million of money market funds and $23.0 million of cash on-hand. At December 31, 2013, the Company had total cash and cash equivalents of $16.7 million, which included approximately $1.2 million of money market funds and $15.5 million of cash on-hand.

The estimated fair values of the Company's financial instruments, including its cash and cash equivalents, receivables, line of credit, accounts payable and accrued expenses approximate the carrying values of these instruments due to their short term nature. The estimated fair value of the debt at September 30, 2014, 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, 2013, the estimated fair value of the debt was $356.0 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 $0.1 million and $0.4 million for the three and nine months ended September 30, 2014, respectively, compared to a tax benefit of $0.3 million and a provision of $0.3 million for the three and nine months ended September 30, 2013, 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 from 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 income 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) income. 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.

The statute of limitations for the year ended December 31, 2010 U.S. tax return expired during the period ended September 30, 2014. The Company recognized the benefit associated with the reversal of uncertain tax positions of $0.9 million and $2.7 million in the three and nine months ended September 30, 2014, respectively. The statute of limitations for the year ended December 31, 2009 U.S. tax return expired during the period ended September 30, 2013. As a result the Company recognized the benefit associated with the reversal of uncertain tax positions of $0.8 million in the three and nine months ended September 30, 2013. Within the next twelve months, approximately $0.4 million of unrecognized tax benefits, primarily relating to transfer pricing, may be recognized due to the closing of statutes of limitation.

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)	September 30, 2014	December 31, 2013
Raw materials	$ 5,713	$ 7,063
Work in process	4,410	5,849
Finished goods	6,302	5,398
Inventory	16,425	18,310
Other long-term assets	1,406	1,687
Total	$ 17,831	$ 19,997

At September 30, 2014, inventories reported as other long-term assets included $1.2 million of raw materials and $0.2 million of finished goods. At December 31, 2013, inventories reported as other long-term assets included $1.7 million of raw materials.

6. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

(in thousands)	September 30, 2014	December 31, 2013
Land	$ 14,950	$ 14,950
Buildings	67,470	65,787
Machinery, equipment and fixtures	65,556	65,026
Construction in progress	7,438	8,029
Accumulated depreciation	(59,342)	(56,139)
Property, plant and equipment, net	$ 96,072	$ 97,653

For the three and nine months ended September 30, 2014, depreciation expense related to property, plant and equipment was $2.2 million and $6.5 million, respectively, as compared to $2.3 million and $7.1 million for the prior year comparative periods.

Included within machinery, equipment and fixtures are spare parts of approximately $2.5 million at both September 30, 2014 and December 31, 2013. 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 R&D activities, which were impacted by the March 2013 R&D strategic shift, have a carrying value of $5.2 million as of September 30, 2014. 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 Held for Sale

During the third quarter of 2013, the Company committed to a plan to sell certain of its excess land in the U.S. segment. This event qualified for held for sale accounting and the excess land was written down to its fair value, less estimated costs to sell. This resulted in a loss of $6.8 million, which is included within operating loss as impairment of land in the accompanying condensed consolidated statement of comprehensive income (loss). The fair value was estimated utilizing Level 3 inputs and using a market approach, based on available data for transactions in the region, discussions with real estate brokers and the asking price of comparable properties in its principal market. During the fourth quarter of 2013, the Company sold the excess land for net proceeds of $1.1 million.

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 September 30, 2014, the liability is measured at the present value of the obligation expected to be incurred, of approximately $26.6 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 nine months ended September 30, 2014:

(in thousands)	
Balance at January 1, 2014	$6,385
Capitalization	277
Accretion expense	582
Balance at September 30, 2014	$7,244

8. Intangibles, net

Intangibles, net consisted of the following:

	September 30, 2014			
(in thousands)	Cost	Accumulated amortization	Net	Amortization Method
Trademarks	$ 13,540	$ 4,662	$ 8,878	Straight-line
Customer relationships	105,942	88,094	17,848	Accelerated
Other patents	42,780	40,303	2,477	Straight-line
	$162,262	$ 133,059	$29,203	

	December 31, 2013			
(in thousands)	Cost	Accumulated amortization	Net	Amortization Method
Trademarks	$ 13,540	$ 3,298	$10,242	Straight-line
Customer relationships	106,298	84,476	21,822	Accelerated
Other patents	42,780	39,846	2,934	Straight-line
	$162,618	$ 127,620	$34,998	

During the third quarter of 2013, the Company was in negotiations with a new distributor for the sale of certain products within certain international geographies. This agreement was signed in October 2013 and the Company did not renew the agreements with its former distributors in these international geographies. Therefore, the Company reviewed the recoverability of certain of its customer relationship intangible assets in the International segment. The Company completed an update of its sales forecast based on current negotiations with new customers and its impact on its existing customer base. The Company, using its revised sales forecast, conducted an impairment analysis and concluded that the estimate of future undiscounted cash flows associated with the acquired customer relationships did not exceed the carrying amount of the asset and therefore, the asset would need to be written down to its fair value. In order to calculate the fair value of the acquired customer relationship intangible assets, the Company utilized Level 3 inputs to estimate the future discounted cash flows associated with remaining customers and as a result of this analysis, recorded an impairment charge of $1.0 million to adjust the carrying value to its fair value. This expense was recorded within cost of goods sold in the accompanying condensed consolidated statement of comprehensive income (loss) for the three and nine months ended September 30, 2013.

For the three and nine months ended September 30, 2014, the Company recorded amortization expense for its intangible assets of $1.9 million and $5.7 million, respectively, as compared to $3.6 million and $10.8 million for the prior year comparative periods.

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

(in thousands)	
Remainder of 2014	$ 1,902
2015	6,021
2016	5,337
2017	3,521
2018	2,792
2019 and thereafter	9,630
	$29,203

9. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are comprised of the following:

(in thousands)	September 30, 2014	December 31, 2013
Compensation and benefits	$ 10,875	$ 10,209
Accrued interest	14,719	4,989
Accrued professional fees	1,713	1,361
Research and development services	220	338
Freight, distribution and operations	3,187	3,432
Accrued loss on firm purchase commitment	—	1,315
Marketing expense	1,243	749
Accrued rebates, discounts and chargebacks	2,729	1,739
Other	402	1,360
	$ 35,088	$ 25,492

As of December 31, 2013, the Company had accrued a contract loss of $1.3 million associated with the portion of the committed purchases of Ablavar product from the Company's supplier that the Company did not believe it would sell prior to expiry. As of September 30, 2014, the accrued contract loss has been reclassified to a reserve against the Ablavar inventory balance, because the Company satisfied the remaining purchase commitments in the first quarter of 2014.

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

LMI had a Facility with an original aggregate principal amount not to exceed $42.5 million. On June 24, 2014, the Company executed an amendment to the Facility, which (i) increased the committed availability for total borrowings under the Facility from $42.5 million to $50.0 million, (ii) set the interest at LIBOR plus 2.00% or the Reference Rate (as defined in the agreement) plus 1.00%, (iii) set the unused line fee at 0.375%, and (iv) further modified certain definitions. In connection with the amendment, LMI incurred approximately $0.2 million in fees and expenses as of September 30, 2014, which will be amortized on a straight-line basis over the term of the Facility.

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 September 30, 2014 and December 31, 2013, 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, 2015, 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 September 30, 2014, the aggregate Borrowing Base was approximately $47.5 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 $30.6 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 August 5, 2013, the Holdings Board of Directors adopted a resolution providing that no further grants be made under the Holdings 2008 Equity Incentive Plan, or the 2008 Plan. At the same time, the maximum number of shares that may be issued pursuant to awards under the 2013 Plan was increased from 1,500,000 to 2,700,000. 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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Expected volatility	—	36%	33 - 35%	36%
Expected dividends	—	—	—	—
Expected life (in years)	—	6.3	5.5 - 6.3	5.5 - 6.3
Risk-free interest rate	—	1.7%	1.5 – 1.9%	0.7 - 1.7%

A summary of option activity for 2014 is presented below:

	Time Based	Performance Based	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2014	2,761,037	1,097,425	3,858,462	$ 4.89	6.9	$6,777,000
Options granted	74,664	—	74,664	5.98		
Options cancelled	(21,500)	(6,952)	(28,452)	4.88		
Options exercised	(4,500)	(1,737)	(6,237)	2.00		
Options forfeited or expired	(31,000)	(7,880)	(38,880)	7.29		
Outstanding at September 30, 2014	2,778,701	1,080,856	3,859,557	4.89	6.2	$3,979,000
Vested and expected to vest at September 30, 2014	2,715,687	701,755	3,417,442	4.64	5.9	$3,979,000
Exercisable at September 30, 2014	1,815,393	548,302	2,363,695	3.58	4.7	$3,979,000

The weighted average grant-date fair value of options granted during the nine months ended September 30, 2014 was $2.08. No options were granted during the three months ended September 30, 2014. The weighted average grant-date fair value of options granted during the three and nine months ended September 30, 2013 was $2.53 and $2.45, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2014	2013	2014	2013
Cost of goods sold	$ 32	$ 26	$104	$ 56
Sales and marketing	34	46	116	86
General and administrative	151	62	474	553
Research and development	30	38	88	40
Total stock-based compensation expense	$247	$172	$782	$735

Stock-based compensation expense recognized in the condensed consolidated statement of comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013 are based on awards ultimately expected to vest as well as any changes in the probability of achieving certain performance features as required.

Upon termination of employment, Holdings has the right to call shares held by employees that were purchased or acquired through option exercise. As a result of this right, upon termination of service, vested stock-based awards are reclassified to liability-based awards when it is probable the employee will exercise the option and that Holdings will exercise its call right. As of September 30, 2014 and December 31, 2013, the Company did not have any liability-based awards outstanding.

The Company did not recognize an income tax benefit with respect to stock compensation in either the nine months ended September 30, 2014 or 2013. As of September 30, 2014, there was approximately $2.1 million of total unrecognized compensation costs related to non-vested stock options granted under the 2013 and 2008 Plans. These costs are expected to be recognized over a weighted-average remaining period of 1.3 years. In addition, performance based awards contain certain contingent features, such as change in control provisions, which allow for the vesting of previously forfeited and unvested awards. As of September 30, 2014, there was approximately $1.0 million of unrecognized compensation expense relating to these features, which could be recognized through 2023.

12. Other (Expense) Income, net

Other (expense) income, net consisted of the following:

(in thousands)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Foreign currency (losses) gains	$ 82	$(174)	$(311)	$(180)
Tax indemnification income	359	434	163	706
Other income	—	—	—	368
Total other income (expense), net	$441	$ 260	$(148)	$ 894

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 September 30, 2014, 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. The Company cannot be certain what amount, if any, or when, if ever, it will be able to recover for business interruption losses related to this matter.

14. Related Party Transactions

At September 30, 2014 and December 31, 2013, LMI had outstanding receivables from Holdings in the amount of $3.6 million and $1.3 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, which is at the Company's option, all remaining amounts owed under the agreement shall become due immediately. During each of the three and nine months ended September 30, 2014, the Company incurred costs associated with this agreement totaling $0.3 million and $0.8 million, respectively, as compared to $0.3 million and $0.8 million for the prior year comparative periods. At September 30, 2014 and December 31, 2013, $16,000 and $30,000, respectively, was included in accrued expenses.

The Company had a Master Contract Research Organization Services Agreement with INC Research, LLC, or INC, to provide clinical development services in connection with the flurpiridaz F 18 Phase III program. Avista and certain of its affiliates are principal owners of both INC and the Company. The agreement was cancelled during May 2014. The agreement had a term of five years, and the Company did not incur any costs associated with this agreement in the three and nine months ended September 30, 2014. The Company incurred costs associated with this agreement totaling $0.5 million in the nine months ended September 30, 2013. No costs were incurred in the three months ended September 30, 2013. At both September 30, 2014 and December 31, 2013, there was no balance due to INC.

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. During each of the three and nine months ended September 30, 2014, the Company made purchases of $0.1 million and $0.2 million, respectively, as compared to $0.1 million and $0.2 million for the prior year comparative periods. At September 30, 2014 and December 31, 2013, $20,000 and $1,000, respectively, was included in accounts payable and accrued expenses.

The Company retains Marsh for insurance brokering and risk management. In November 2013, Donald Bailey, brother of the Company's President and Chief Executive Officer, Jeffrey Bailey, was appointed head of sales for Marsh's U.S. and Canada division. In 2014, the Company expects to pay Marsh approximately $0.3 million. At both September 30, 2014 and December 31, 2013, there was a prepaid of $43,000 included in other current assets.

At December 31, 2013, the Company had $0.1 million due from an officer of the Company included in accounts receivable, net. These amounts represent federal and state tax withholdings paid by the Company on behalf of the officer. During the second quarter of 2014, this amount was fully repaid by the officer.

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 our 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 78.5% and 77.8% of consolidated revenues for the three and nine months ended September 30, 2014, respectively, as compared to 73.9% and 74.8% for the prior year comparative periods and 90.1% and 89.8% of consolidated assets at September 30, 2014 and December 31, 2013, respectively. All goodwill has been allocated to the U.S. operating segment.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
U.S.	$ 64,311	$ 56,407	$188,679	$174,167
International	16,253	18,381	49,823	53,514
Total revenue, including inter-segment	80,564	74,788	238,502	227,681
Less inter-segment revenue	(4,882)	(4,403)	(13,871)	(15,677)
	$ 75,682	$ 70,385	$224,631	$212,004
Revenues from external customers				
U.S.	$ 59,429	$ 52,004	$174,808	$158,490
International	16,253	18,381	49,823	53,514
	$ 75,682	$ 70,385	$224,631	$212,004
Operating income (loss)				
U.S.	$ 10,493	$ (5,116)	$ 25,930	$ (18,414)
International	1,009	(54)	3,653	913
Total operating income (loss), including inter-segment	11,502	(5,170)	29,583	(17,501)
Inter-segment operating income (loss)	38	602	426	(179)
Operating income (loss)	11,540	(4,568)	30,009	(17,680)
Interest expense, net	(10,585)	(11,035)	(31,704)	(32,323)
Other income (expense), net	441	260	(148)	894
Income (loss) before income taxes	$ 1,396	$(15,343)	$ (1,843)	$ (49,109)

	September 30, 2014	December 31, 2013
Total Assets		
U.S.	$ 232,491	$ 232,973
International	25,563	26,412
	$ 258,054	$ 259,385

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 September 30, 2014 and December 31, 2013, comprehensive income (loss) information for the three and nine months ended September 30, 2014 and 2013 and cash flow information for the nine months ended September 30, 2014 and 2013 for Lantheus Intermediate, LMI, the Guarantor Subsidiary and Lantheus Intermediate's other wholly-owned 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

September 30, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Current assets						
Cash and cash equivalents	$ —	$ 20,121	$ —	$ 5,084	$ —	$ 25,205
Accounts receivable, net	—	30,611	—	10,549	—	41,160
Intercompany accounts receivable	—	2,962	—	—	(2,962)	—
Inventory	—	13,500	—	2,925	—	16,425
Income tax receivable	—	423	—	25	—	448
Deferred tax assets	—	—	—	12	—	12
Other current assets	—	3,916	—	265	—	4,181
Total current assets	—	71,533	—	18,860	(2,962)	87,431
Property, plant and equipment, net	—	75,510	15,555	5,007	—	96,072
Capitalized software development costs, net	—	1,828	—	1	—	1,829
Intangibles, net	—	26,628	—	2,575	—	29,203
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	7,969	—	—	—	7,969
Deferred tax assets	—	—	—	45	—	45
Investment in subsidiaries	(240,416)	39,293	—	—	201,123	—
Intercompany note receivable	—	—	—	5,568	(5,568)	—
Other long-term assets	—	19,591	—	200	—	19,791
Total assets	$ (240,416)	$ 258,066	$ 15,555	$ 32,256	$ 192,593	$ 258,054
Liabilities and (deficit) equity:						
Current liabilities						
Line of credit	$ —	$ 8,000	$ —	$ —	$ —	$ 8,000
Accounts payable	—	13,810	—	1,573	—	15,383
Intercompany accounts payable	—	—	—	2,962	(2,962)	—
Accrued expenses and other liabilities	—	31,944	—	3,144	—	35,088
Deferred tax liability	—	—	—	57	—	57
Deferred revenue	—	1,063	—	—	—	1,063
Total current liabilities	—	54,817	—	7,736	(2,962)	59,591
Asset retirement obligations	—	7,049	—	195	—	7,244
Long-term debt, net	—	399,220	—	—	—	399,220
Intercompany note payable	—	5,568	—	—	(5,568)	—
Deferred tax liability	—	—	—	8	—	8
Other long-term liabilities	—	31,828	—	579	—	32,407
Total liabilities	—	498,482	—	8,518	(8,530)	498,470
(Deficit) equity	(240,416)	(240,416)	15,555	23,738	201,123	(240,416)
Total liabilities and (deficit) equity	$ (240,416)	$ 258,066	$ 15,555	$ 32,256	$ 192,593	$ 258,054

Condensed Consolidating Balance Sheet Information

December 31, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Current assets						
Cash and cash equivalents	$ —	$ 11,995	$ —	$ 4,674	$ —	$ 16,669
Accounts receivable, net	—	28,099	—	10,811	—	38,910
Intercompany accounts receivable	—	2,671	—	—	(2,671)	—
Inventory	—	15,414	—	2,896	—	18,310
Income tax receivable	—	297	—	28	—	325
Deferred tax assets	—	—	—	18	—	18
Other current assets	—	2,906	—	181	—	3,087
Total current assets	—	61,382	—	18,608	(2,671)	77,319
Property, plant and equipment, net	—	76,068	15,615	5,970	—	97,653
Capitalized software development costs, net	—	1,468	—	2	—	1,470
Intangibles, net	—	31,838	—	3,160	—	34,998
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	9,639	—	—	—	9,639
Deferred tax assets	—	—	—	15	—	15
Investment in subsidiaries	(237,088)	40,289	—	—	196,799	—
Intercompany note receivable	—	—	—	5,396	(5,396)	—
Other long-term assets	—	22,370	—	207	—	22,577
Total assets	$ (237,088)	$ 258,768	$ 15,615	$ 33,358	$ 188,732	$ 259,385
Liabilities and (deficit) equity:						
Current liabilities						
Line of credit	$ —	$ 8,000	$ —	$ —	$ —	$ 8,000
Accounts payable	—	16,672	—	1,431	—	18,103
Intercompany accounts payable	—	—	—	2,671	(2,671)	—
Accrued expenses and other liabilities	—	21,409	—	4,083	—	25,492
Deferred tax liability	—	—	—	57	—	57
Deferred revenue	—	3,979	—	—	—	3,979
Total current liabilities	—	50,060	—	8,242	(2,671)	55,631
Asset retirement obligations	—	6,212	—	173	—	6,385
Long-term debt, net	—	399,037	—	—	—	399,037
Intercompany note payable	—	5,396	—	—	(5,396)	—
Deferred tax liability	—	—	—	12	—	12
Other long-term liabilities	—	35,151	—	257	—	35,408
Total liabilities	—	495,856	—	8,684	(8,067)	496,473
(Deficit) equity	(237,088)	(237,088)	15,615	24,674	196,799	(237,088)
Total liabilities and (deficit) equity	$ (237,088)	$ 258,768	$ 15,615	$ 33,358	$ 188,732	$ 259,385

Condensed Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended September 30, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 66,927	$ —	$ 13,637	$ (4,882)	$ 75,682
Cost of goods sold	—	36,243	—	12,683	(4,882)	44,044
Gross profit	—	30,684	—	954	—	31,638
Operating expenses						
Sales and marketing expenses	—	7,462	—	865	—	8,327
General and administrative expenses	—	8,222	20	480	—	8,722
Research and development expenses	—	2,953	—	96	—	3,049
Operating income (loss)	—	12,047	(20)	(487)	—	11,540
Interest expense, net	—	(10,649)	—	64	—	(10,585)
Other income, net	—	305	—	136	—	441
Equity in earnings (losses) of affiliates	1,452	(497)	—	—	(955)	—
Income (loss) before income taxes	1,452	1,206	(20)	(287)	(955)	1,396
(Benefit) provision for income taxes	—	(246)	—	190	—	(56)
Net income (loss)	1,452	1,452	(20)	(477)	(955)	1,452
Foreign currency translation	—	—	—	(671)	—	(671)
Equity in other comprehensive (loss) income of subsidiaries	(671)	(671)	—	—	1,342	—
Total comprehensive income (loss)	$ 781	$ 781	$ (20)	$ (1,148)	$ 387	$ 781

Condensed Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended September 30, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 59,416	$ —	$ 15,372	$ (4,403)	$ 70,385
Cost of goods sold	—	35,859	—	15,208	(4,403)	46,664
Gross profit	—	23,557	—	164	—	23,721
Operating expenses						
Sales and marketing expenses	—	7,641	—	835	—	8,476
General and administrative expenses	—	6,585	20	527	—	7,132
Research and development expenses	—	5,779	—	114	—	5,893
Impairment of land	—	—	6,788	—	—	6,788
Operating income (loss)	—	3,552	(6,808)	(1,312)	—	(4,568)
Interest expense, net	—	(11,083)	—	48	—	(11,035)
Other income (expense), net	—	409	—	(149)	—	260
Equity in earnings (losses) of affiliates	(15,064)	(8,197)	—	—	23,261	—
Income (loss) before income taxes	(15,064)	(15,319)	(6,808)	(1,413)	23,261	(15,343)
(Benefit) provision for income taxes	—	(255)	—	(24)	—	(279)
Net income (loss)	(15,064)	(15,064)	(6,808)	(1,389)	23,261	(15,064)
Foreign currency translation	—	—	—	417	—	417
Equity in other comprehensive income (loss) of subsidiaries	417	417	—	—	(834)	—
Total comprehensive income (loss)	$ (14,647)	$(14,647)	$ (6,808)	$ (972)	$ 22,427	$(14,647)

Condensed Consolidating Statement of Comprehensive Income (Loss)

Nine Months Ended September 30, 2014

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$196,435	$ —	$ 42,067	$ (13,871)	$224,631
Cost of goods sold	—	108,111	—	37,633	(13,871)	131,873
Gross profit	—	88,324	—	4,434	—	92,758
Operating expenses						
Sales and marketing expenses	—	24,466	—	2,761	—	27,227
General and administrative expenses	—	24,822	60	1,682	—	26,564
Research and development expenses	—	8,656	—	302	—	8,958
Operating income (loss)	—	30,380	(60)	(311)	—	30,009
Interest expense, net	—	(31,896)	—	192	—	(31,704)
Other income (expense), net	—	80	—	(228)	—	(148)
Equity in earnings (losses) of affiliates	(1,469)	(657)	—	—	2,126	—
Income (loss) before income taxes	(1,469)	(2,093)	(60)	(347)	2,126	(1,843)
(Benefit) provision for income taxes	—	(624)	—	250	—	(374)
Net income (loss)	(1,469)	(1,469)	(60)	(597)	2,126	(1,469)
Foreign currency translation	—	—	—	(339)	—	(339)
Equity in other comprehensive income (loss) of subsidiaries	(339)	(339)	—	—	678	—
Total comprehensive income (loss)	$ (1,808)	$ (1,808)	$ (60)	$ (936)	$ 2,804	$ (1,808)

Condensed Consolidating Statement of Comprehensive Income (Loss)

Nine Months Ended September 30, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$180,453	$ —	$ 47,228	$ (15,677)	$212,004
Cost of goods sold	—	115,962	—	44,239	(15,677)	144,524
Gross profit	—	64,491	—	2,989	—	67,480
Operating expenses						
Sales and marketing expenses	—	24,564	—	2,702	—	27,266
General and administrative expenses	—	23,844	60	1,774	—	25,678
Research and development expenses	—	25,200	—	228	—	25,428
Impairment of land	—	—	6,788	—	—	6,788
Operating loss	—	(9,117)	(6,848)	(1,715)	—	(17,680)
Interest expense, net	—	(32,458)	—	135	—	(32,323)
Other income (expense), net	—	1,039	—	(145)	—	894
Equity in earnings (losses) of affiliates	(49,376)	(8,552)	—	—	57,928	—
Income (loss) before income taxes	(49,376)	(49,088)	(6,848)	(1,725)	57,928	(49,109)
(Benefit) provision for income taxes	—	288	—	(21)	—	267
Net income (loss)	(49,376)	(49,376)	(6,848)	(1,704)	57,928	(49,376)
Foreign currency translation	—	—	—	(1,176)	—	(1,176)
Equity in other comprehensive income (loss) of subsidiaries	(1,176)	(1,176)	—	—	2,352	—
Total comprehensive income (loss)	$ (50,552)	$ (50,552)	$ (6,848)	$ (2,880)	$ 60,280	$ (50,552)

Condensed Consolidating Cash Flow Information

Nine Months September September 30, 2014

	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$14,614	$ —	$ 834	$ —	$15,448
Cash flows from investing activities						
Capital expenditures	—	(5,011)	—	(292)	—	(5,303)
Payments from subsidiary	1,741	—	—	—	(1,741)	—
Proceeds from sale of property, plant and equipment	—	227	—	—	—	227
Redemption of certificate of deposit-restricted	—	228	—	—	—	228
Cash provided by (used in) investing activities	1,741	(4,556)	—	(292)	(1,741)	(4,848)
Cash flows from financing activities						
Proceeds from line of credit	—	5,500	—	—	—	5,500
Payments on line of credit	—	(5,500)	—	—	—	(5,500)
Payments on note payable	—	(52)	—	—	—	(52)
Deferred financing costs	—	(139)	—	—	—	(139)
Payments to parent	(1,741)	(1,741)	—	—	1,741	(1,741)
Cash provided by (used in) financing activities	(1,741)	(1,932)	—	—	1,741	(1,932)
Effect of foreign exchange rate on cash	—	—	—	(132)	—	(132)
Increase (decrease) in cash and cash equivalents	—	8,126	—	410	—	8,536
Cash and cash equivalents, beginning of period	—	11,995	—	4,674	—	16,669
Cash and cash equivalents, end of period	$ —	$20,121	$ —	$ 5,084	$ —	$25,205

Condensed Consolidating Cash Flow Information

Nine Months Ended September 30, 2013

	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by (used in) operating activities	$ —	$(13,054)	$ —	$ 2,970	$ (1,738)	$(11,822)
Cash flows from investing activities						
Capital expenditures	—	(3,621)	—	(90)	—	(3,711)
Intercompany note	—	—	—	(2,249)	2,249	—
Proceeds from dividend	—	4,174	—	—	(4,174)	—
Cash provided by (used in) investing activities	—	553	—	(2,339)	(1,925)	(3,711)
Cash flows from financing activities						
Proceeds from line of credit	—	8,000	—	—	—	8,000
Payments on note payable	—	(1,174)	—	—	—	(1,174)
Deferred financing costs	—	(1,188)	—	—	—	(1,188)
Payments from parent	—	111	—	—	—	111
Intercompany note	—	2,249	—	—	(2,249)	—
Payment of dividend	—	—	—	(5,912)	5,912	—
Cash provided by (used in) financing activities	—	7,998	—	(5,912)	3,663	5,749
Effect of foreign exchange rate on cash	—	—	—	(949)	—	(949)
Increase (decrease) in cash and cash equivalents	—	(4,503)	—	(6,230)	—	(10,733)
Cash and cash equivalents, beginning of period	—	17,635	—	13,960	—	31,595
Cash and cash equivalents, end of period	$ —	$ 13,132	$ —	$ 7,730	$ —	$ 20,862

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. Such 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 the global isotope supply and products manufactured at Jubilant HollisterStier, or JHS, and Pharmalucence; (ii) our outlook and expectations including, without limitation, in connection with continued market expansion and penetration for our commercial products, particularly DEFINITY in the face of 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 newly 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;
- 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 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 the current economic environment, including the U.S. credit markets;
- risks associated with our international operations;
- our inability to adequately maintain and 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; and
- other factors that are described in "Risk Factors" under Part II – Item 1A of this report.

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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014. 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014.

Overview

We are a global leader in developing, manufacturing, selling and distributing innovative diagnostic medical imaging agents and products that assist clinicians in the diagnosis of cardiovascular and other diseases. Our agents are routinely used to diagnose coronary artery disease, congestive heart failure, stroke, peripheral vascular disease and other diseases. Clinicians use our imaging agents and products across a range of imaging modalities, including nuclear imaging, echocardiography and MRI. We believe that the resulting improved diagnostic information enables healthcare providers to better detect and characterize, or rule out, disease, potentially achieving improved patient outcomes, reducing patient risk and limiting overall costs for payers and the entire healthcare system.

Our commercial products are used by nuclear physicians, cardiologists, radiologists, internal medicine physicians, technologists and sonographers working in a variety of clinical settings. We sell our products to radiopharmacies, hospitals, clinics, group practices, integrated delivery networks, group purchasing organizations and, in certain circumstances, wholesalers.

We sell our products globally and have operations in the United States, Puerto Rico, Canada and Australia and distribution relationships in Europe, Asia Pacific and Latin America.

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.

TechneLite is a technetium generator which provides the essential nuclear material used by radiopharmacies to radiolabel Cardiolite and other technetium-based radiopharmaceuticals used in nuclear medicine procedures. TechneLite uses 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.

Cardiolite is a technetium-based radiopharmaceutical imaging agent used in myocardial perfusion imaging, or MPI, procedures to detect coronary artery disease using SPECT. Cardiolite was approved by the FDA in 1990, and its market exclusivity expired in July 2008.

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 and Cardiolite, are primarily distributed through approximately 350 radiopharmacies that are controlled by or associated with Cardinal, GE Healthcare, UPPI and Triad Isotopes, Inc., or 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 five 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:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(dollars in thousands)	2014	%	2013	%	2014	%	2013	%
DEFINITY	$24,261	32.1%	$20,161	28.6%	$ 70,136	31.2%	$ 55,932	26.4%
TechneLite	23,612	31.2	22,422	31.9	70,178	31.2	70,103	33.1
Xenon	8,916	11.8	8,182	11.6	27,525	12.3	24,151	11.4
Cardiolite	4,673	6.2	4,640	6.6	14,165	6.3	20,739	9.8
Other	14,220	18.7	14,980	21.3	42,627	19.0	41,079	19.3
Revenues	$75,682	100.0%	$70,385	100.0%	$224,631	100.0%	$212,004	100.0%

Included in Cardiolite revenue are sales of branded Cardiolite and generic sestamibi, some of which we produce and some of which we procure from third parties.

Key Factors Affecting Our Results

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

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 we have ongoing technology transfer activities at JHS for our Neurolite supply. In the meantime, we have no other currently active supplier of Neurolite, and our Cardiolite product supply is manufactured by a single manufacturer.

Historically, we relied on BVL in Bedford, Ohio as our sole manufacturer of DEFINITY, Neurolite and evacuation vials, an ancillary component for our TechneLite generators, and as one of two manufacturers of Cardiolite. Our products were manufactured at the South Complex, where BVL also manufactured products for a number of other pharmaceutical customers. In July 2010, BVL temporarily shutdown the South Complex, in order to upgrade the facility to meet certain regulatory requirements. BVL had originally planned for the shutdown of the South Complex to run through March 2011 and to resume production of our products in April 2011. In anticipation of the shutdown, BVL manufactured for us additional inventory of these products to meet our expected needs during this period. A series of unexpected delays at BVL, however, resulted in a stockout for Neurolite from the third quarter

2011 until the third quarter 2013, product outages and shortages for DEFINITY in much of 2012 and product outages and shortages for Cardiolite in 2012 and 2013. Until JHS is approved by certain foreign regulatory authorities to manufacture our products, we will also face continued limitations on where we can sell our products outside the United States.

Because of BVL's ongoing regulatory issues and our mutual desire to enter into a new contractual relationship to replace the original arrangement, in March 2012 we terminated the original manufacturing agreement and entered into a new set of contracts with BVL which provided, among other things, cash payments to us of $35 million and an undertaking by BVL to continue to manufacture for us through December 2013.

Although BVL was able to resume some manufacturing under the new agreements, BVL continued to face regulatory and supply challenges and, in October 2013, it announced that it would cease to manufacture further new batches of our products in its Bedford, Ohio facility. In November 2013, in connection with the termination of our manufacturing agreement, we and BVL entered into a settlement agreement, or the Settlement Agreement, which provided, among other things, that BVL pay us an additional $8.9 million. BVL was also obligated to use commercially reasonable efforts to finalize specific batches of DEFINITY, Cardiolite and saline manufactured and not yet released by the BVL quality function for commercial distribution. BVL has since released for commercial distribution all of our remaining manufactured product that was awaiting quality approval.

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 Pharmalucence will obtain FDA approval to manufacture DEFINITY in 2015.

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 that increased DEFINITY sales will favorably impact our overall gross margin. 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 all manufacturers of ultrasound contrast agents 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. However, as discussed above 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 in September 2014 had an approximately 76% segment share, GE Healthcare's Optison and Bracco's Lumason, which was 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 segment share could be negatively affected and consequently our 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 (that cannot be effective prior to October 1, 2014) and supply agreements with NTP of South

Africa, ANSTO of Australia, and IRE of Belgium, 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 2014 shutdown period ran from April 13, 2014 until May 13, 2014, and we were able to source all of our standing order customer demand for Moly during this time period from our other suppliers. However, because Xenon is a by- product of the Moly production process and is currently captured only by NRU, during this shutdown period, we were not able to supply all of our standing order customer demand for Xenon during the outage. 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 results of operations, financial condition and cash flows.

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 commercial operations cease in 2016. We are currently pursuing alternative sources of Xenon on a global basis. If we are not able to secure a new producer of Xenon prior to the 2016 and obtain regulatory approval to sell Xenon from that new producer, we will no longer be able to offer Xenon. In addition, Nordion recently announced that it has entered into a definitive agreement to be acquired by Sterigenics. As a result of this transaction, our supplier could change the terms on which we obtain Xenon.

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 2013, the Centers for Medicare and Medicaid Services, or CMS, announced the 2014 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, it is too early to tell whether this incremental reimbursement for LEU Moly generators will result in a material increase in our generator sales.

Cardiolite Competitive Pressures

Cardiolite's market exclusivity expired in July 2008. In September 2008, the first of several competing generic products to Cardiolite was launched. With continued pricing and unit volume pressures from generic competitors, we also sell our Cardiolite product in the form of a generic sestamibi at the same time as we continue to sell branded Cardiolite throughout the MPI segment. We believe this strategy of selling branded as well as generic sestamibi has slowed our market share loss by having multiple sestamibi offerings that are attractive in terms of brand, as well as price.

In addition to pressures due to generics, our Cardiolite products have also faced a volume decline in the MPI segment due to a change in professional society appropriateness guidelines, ongoing reimbursement pressures, the limited availability of Moly during the NRU reactor shutdown, the limited availability of Cardiolite products to us during the BVL outage, and the increase in use of other diagnostic modalities as a result of a shift to more available imaging agents and modalities. We believe the continuing effects from the BVL outage and continued generic competition will result in further market share and margin erosion for our Cardiolite products.

These factors have impacted the carrying value of our Cardiolite trademark intangible asset as further described in "Gross Profit."

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 R&D programs have been a key factor in our historical results and success. In March 2013, we implemented a strategic shift in how we intend to 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 operating 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 and nine months ended September 30, 2014 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;
- decreased revenues from our Cardiolite products resulting from continued generic competition;
- increased revenues resulting from the return of Neurolite product supply in the third quarter of 2013;
- the impact of certain cost savings actions taken in March 2013 as we finish implementing the strategic shift in how we fund our research and development, or R&D, programs;
- lower material costs incurred for the production of TechneLite; and
- lower international revenues across product lines because of unfavorable foreign exchange and competitive pressures.

Results of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
Revenues	$ 75,682	$ 70,385	$224,631	$212,004
Cost of goods sold	44,044	46,664	131,873	144,524
Gross profit	31,638	23,721	92,758	67,480
Operating expenses				
Sales and marketing expenses	8,327	8,476	27,227	27,266
General and administrative expenses	8,722	7,132	26,564	25,678
Research and development expenses	3,049	5,893	8,958	25,428
Impairment of land	—	6,788	—	6,788
Total operating expenses	20,098	28,289	62,749	85,160
Operating income (loss)	11,540	(4,568)	30,009	(17,680)
Interest expense, net	(10,585)	(11,035)	(31,704)	(32,323)
Other income (expense), net	441	260	(148)	894
Income (loss) before income taxes	1,396	(15,343)	(1,843)	(49,109)
(Benefit) provision for income taxes	(56)	(279)	(374)	267
Net income (loss)	1,452	(15,064)	(1,469)	(49,376)
Foreign currency translation	(671)	417	(339)	(1,176)
Total comprehensive income (loss)	$ 781	$(14,647)	$ (1,808)	$ (50,552)

Revenues

Revenues are summarized as follows:

(dollars in thousands)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
United States				
DEFINITY	$23,764	$19,758	$ 68,768	$ 54,796
TechneLite	20,879	19,351	61,602	61,064
Xenon	8,914	8,173	27,519	24,117
Cardiolite	888	462	1,915	7,324
Other	4,984	4,260	15,004	11,189
Total U.S. revenues	$59,429	$52,004	$174,808	$158,490
International				
DEFINITY	$ 497	$ 403	$ 1,368	$ 1,136
TechneLite	2,733	3,071	8,576	9,039
Xenon	2	9	6	34
Cardiolite	3,785	4,178	12,250	13,415
Other	9,236	10,720	27,623	29,890
Total International revenues	$16,253	$18,381	$ 49,823	$ 53,514
Revenues	$75,682	$70,385	$224,631	$212,004

Total revenues increased $5.3 million, or 7.5%, to $75.7 million in the three months ended September 30, 2014, as compared to $70.4 million in the three months ended September 30, 2013. Excluding the impact of foreign currency exchange rates, total revenues increased by 8.0% compared to the prior year quarter. U.S. segment revenue increased $7.4 million, or 14.3%, to $59.4 million in the three months ended September 30, 2014, as compared to $52.0 million in the prior year period. The International segment revenues decreased $2.1 million, or 11.6%, to $16.3 million in the three months ended September 30, 2014, as compared to $18.4 million in the prior year period. Excluding the impact of foreign currency exchange rates, International segment revenues decreased by 9.7% compared to the prior year quarter.

Total revenues increased $12.6 million, or 6.0%, to $224.6 million in the nine months ended September 30, 2014, as compared to $212.0 million in the nine months ended September 30, 2013. Excluding the impact of foreign currency exchange rates, total revenues increased by 7.1% compared to the prior year period. U.S. segment revenue increased $16.3 million, or 10.3%, to $174.8 million in the nine months ended September 30, 2014, as compared to $158.5 million in the prior year period. The International segment revenues decreased $3.7 million, or 6.9%, to $49.8 million in the nine months ended September 30, 2014, as compared to $53.5 million in the prior year period. Excluding the impact of foreign currency exchange rates, International segment revenues decreased by 2.2% compared to the prior year period.

The increase in U.S. segment revenues for the three months ended September 30, 2014, as compared to the prior year period is primarily due to a $4.0 million increase in DEFINITY revenues as a result of higher unit volumes, a $1.6 million increase in Neurolite revenues as the product returned to market in September 2013 and a $1.5 million increase in TechneLite revenues primarily due to higher volumes. Offsetting these increases was $1.2 million decrease in Quadramet revenues due to lower unit volume since we transitioned to becoming the direct manufacturer of this product at the end of 2013.

The increase in U.S. segment revenues for the nine months ended September 30, 2014, as compared to the prior year period is primarily due to a $14.0 million increase in DEFINITY revenues as a result of higher unit volumes, a $6.4 million increase in Neurolite revenues as the product returned to market in September 2013 and a $3.4 million increase in Xenon revenues primarily due to higher selling prices. Offsetting these increases was a decrease in Cardiolite revenues of $5.4 million over the prior period as a result of a contract with a significant customer that reduced unit pricing and volume commitments and a $3.4 million decrease in Quadramet revenues due to lower unit volume since we transitioned to becoming the direct manufacturer of this product at the end of 2013.

The decrease in the International segment revenues for the three months ended September 30, 2014, as compared to the prior year period is primarily due to a $0.7 million decrease in third party product revenues, a $0.3 million decrease in Cardiolite

revenues and a $0.2 million decrease in TechneLite revenues as a result of competitive pressures in our international markets. Neurolite revenues decreased by $0.3 million as compared to the prior year period due to a significant spot order of Neurolite ligand to Japan in the prior year period. In addition, revenues are lower by $0.3 million due to unfavorable foreign exchange.

The decrease in the International segment revenues for the nine months ended September 30, 2014, as compared to the prior year period is primarily due to $2.5 million unfavorable foreign exchange, combined with a $2.1 million decrease in third party product revenues and a $0.6 million decrease in Cardiolite revenues as a result of competitive pressures in our international markets. Offsetting these decreases were a $0.8 million increase in Neurolite revenues driven by the return of finished product to the market and $0.7 million increase in Thallium revenues in Asia Pacific.

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, administration fees of group purchasing organizations 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, 2013	$ 1,542	$ 66	$ 1,608
Current provisions relating to revenues in current year	4,696	243	4,939
Adjustments relating to prior years' estimate	(21)	—	(21)
Payments/credits relating to revenues in current year	(3,438)	(220)	(3,658)
Payments/credits relating to revenues in prior years	(1,040)	(69)	(1,109)
Balance, as of December 31, 2013	1,739	20	1,759
Current provisions relating to revenues in current year	5,018	230	5,248
Adjustments relating to prior years' estimate	(57)	—	(57)
Payments/credits relating to revenues in current year	(2,922)	(216)	(3,138)
Payments/credits relating to revenues in prior years	(1,049)	(20)	(1,069)
Balance, as of September 30, 2014	$ 2,729	$ 14	$ 2,743

Accrued sales rebates were approximately $2.7 million and $1.7 million at September 30, 2014 and December 31, 2013, respectively. The $1.0 million increase in accrued sales rebates is primarily associated with a new rebate program associated with the Quadramet product.

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 September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
United States	$31,791	$31,337	$ 95,047	$101,357
International	12,253	15,327	36,826	43,167
Total Cost of Goods Sold	$44,044	$46,664	$131,873	$144,524

Total cost of goods sold decreased $2.6 million, or 5.6%, to $44.0 million in the three months ended September 30, 2014, as compared to $46.7 million in the three months ended September 30, 2013. U.S. segment cost of goods sold increased approximately $0.5 million, or 1.4%, to $31.8 million in the three months ended September 30, 2014, as compared to $31.3 million in the prior year period. For the three months ended September 30, 2014, the International segment cost of goods sold decreased $3.1 million, or 20.1%, to $12.2 million, as compared to $15.3 million in the prior year period.

Total cost of goods sold decreased $12.7 million, or 8.8%, to $131.9 million in the nine months ended September 30, 2014, as compared to $144.5 million in the nine months ended September 30, 2013. U.S. segment cost of goods sold decreased approximately $6.3 million, or 6.2%, to $95.0 million in the nine months ended September 30, 2014, as compared to $101.4 million in the prior year period. For the nine months ended September 30, 2014, the International segment cost of goods sold decreased $6.4 million, or 14.7%, to $36.8 million, as compared to $43.2 million in the prior year period.

The increase in the U.S. segment cost of goods sold for the three months ended September 30, 2014 over the prior year period is primarily due to an increase of $0.7 million in the cost of goods associated with Thallium due to higher unit volumes sold. In addition, there was a $0.7 million increase in DEFINITY cost of goods due to higher material costs and higher sales unit volumes. Offsetting these increases was a $1.3 million decrease in Cardiolite cost of goods as a result of lower amortization expense due to a write-down in the Cardiolite trademark intangible asset in the fourth quarter of 2013.

The decrease in the U.S. segment cost of goods sold for the nine months ended September 30, 2014 over the prior year period is primarily due to a decrease of $5.9 million in cost of goods associated with Cardiolite as a result of lower amortization expense due to a write-down in the Cardiolite trademark intangible asset in the fourth quarter of 2013 and lower unit volumes sold. In addition, TechneLite cost of goods decreased $2.6 million due to lower material costs and sales unit volume. Offsetting these decreases was a $2.3 million increase in DEFINITY cost of goods due to higher sales unit volumes and higher technology transfer costs.

The decrease in the International segment cost of goods sold for the three months ended September 30, 2014 over the prior year period is primarily due to a $1.7 million decrease as a result of lower sales volume and reduced costs associated with operating efficiencies, combined with a $1.2 million lower amortization expense due to an intangibles impairment charge recognized in the prior year period.

The decrease in the International segment cost of goods sold for the nine months ended September 30, 2014 over the prior year period is primarily due to a $3.6 million decrease as a result of lower sales volume and reduced costs associated with operating efficiencies, combined with a $1.5 million lower amortization expense due to an intangibles impairment charge recognized in the prior year period. In addition, cost of goods sold is lower by $1.2 million due to favorable foreign exchange impact.

Gross Profit

(dollars in thousands)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
United States	$27,638	$20,668	$79,761	$57,134
International	4,000	3,053	12,997	10,346
Total Gross Profit	$31,638	$23,721	$92,758	$67,480

Total gross profit increased $7.9 million, or 33.4%, to $31.6 million in the three months ended September 30, 2014, as compared to $23.7 million in the three months ended September 30, 2013. U.S. segment gross profit increased $7.0 million, or 33.7%, to $27.7 million in the three months ended September 30, 2014, as compared to $20.7 million in the prior year period. For the three months ended September 30, 2014, the International segment gross profit increased $0.9 million, or 31.0%, to $4.0 million, as compared to $3.1 million in the prior year period.

Total gross profit increased $25.3 million, or 37.5%, to $92.8 million in the nine months ended September 30, 2014, as compared to $67.5 million in the nine months ended September 30, 2013. U.S. segment gross profit increased $22.6 million, or 39.6%, to $79.8 million in the nine months ended September 30, 2014, as compared to $57.1 million in the prior year period. For the nine months ended September 30, 2014, the International segment gross profit increased $2.7 million, or 25.6%, to $13.0 million, as compared to $10.3 million in the prior year period.

The increase in the U.S. segment gross profit for the three months ended September 30, 2014 over the prior year period is primarily due to a $3.3 million increase in DEFINITY gross profit due to higher unit volumes and a $1.8 million increase for Neurolite gross profit since the product returned to market in September 2013. In addition, TechneLite gross profit increased by $1.4 million primarily due to lower material costs and higher selling price, Cardiolite gross profit increased $1.3 million due to lower amortization expense, and Xenon gross profit increased by $0.6 million due to higher selling price. Offsetting these increases was a $1.3 million decrease in Quadramet gross profit due to lower unit volume since we transitioned to becoming the direct manufacturer at the end of 2013.

The increase in the U.S. segment gross profit for the nine months ended September 30, 2014 over the prior year period is primarily due to a $11.7 million increase in DEFINITY gross profit due to higher unit volumes and a $6.2 million increase for Neurolite gross profit since the product returned to market in September 2013. In addition, Xenon gross profit increased by $3.4 million due to higher selling price and TechneLite gross profit increased by $3.1 million primarily due to lower material costs and higher selling price. Offsetting these increases was a $3.7 million decrease in Quadramet gross profit due to lower unit volume since we transitioned to becoming the direct manufacturer at the end of 2013.

The increase in the International segment gross profit for the three months ended September 30, 2014 over the prior year period is primarily due to a $1.2 million lower amortization expense, as compared to the prior year period, due to an intangible impairment charge recognized in the prior year period. This increase was partially offset mainly by an unfavorable foreign exchange impact of $0.2 million.

The increase in the International segment gross profit for the nine months ended September 30, 2014 over the prior year period is primarily due to a $1.4 million lower amortization expense, as compared to the prior year period, due to an intangible impairment charge recognized in the prior year period, as well as reduced costs associated with increased operating efficiencies, the return of Neurolite finished product to the market and lower volume of more expensive substitute products sold in the current period as a result of the return of supply. These increases were partially offset by an unfavorable foreign exchange impact of $1.3 million.

Sales and Marketing

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
United States	$ 7,299	$ 7,483	$23,897	$24,065
International	1,028	993	3,330	3,201
Total Sales and Marketing	$ 8,327	$ 8,476	$27,227	$27,266

Total sales and marketing expenses decreased $0.1 million, or 1.8%, to $8.3 million in the three months ended September 30, 2014, as compared to $8.5 million in the three months ended September 30, 2013. In the U.S. segment, sales and marketing expense decreased $0.2 million, or 2.5%, to $7.3 million in the three months ended September 30, 2014, as compared to $7.5 million in the prior year period. In the International segment, sales and marketing expense remained flat as compared to the prior year period.

Total sales and marketing expenses remained flat in the nine months ended September 30, 2014 as compared to the prior year period. In the U.S. segment, sales and marketing expense decreased $0.2 million, or 0.7%, to $23.9 million in the nine months ended September 30, 2014, as compared to $24.1 million in the prior year period. In the International segment, sales and marketing expense increased $0.1 million, or 4.0%, to $3.3 million in the nine months ended September 30, 2014, as compared to $3.2 million in the prior year period.

The decrease in the U.S. segment sales and marketing expenses for the three months ended September 30, 2014 over the prior year period is primarily due to the timing of DEFINITY marketing research expenses in the prior year period, offset in part, by increase in promotional activities related to DEFINITY.

The decrease in the U.S. segment sales and marketing expenses for the nine months ended September 30, 2014 over the prior year period is primarily due to decreases in headcount and employee related expenses. Offsetting these decreases are increases in higher DEFINITY advertising and promotion expenses and credit card fees on an increase in revenues.

The increase in the International segment sales and marketing expenses for the nine months ended September 30, 2014 over the prior year period is primarily due to higher headcount and employee related expenses.

General and Administrative

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
United States	$ 8,242	$ 6,605	$24,882	$23,904
International	480	527	1,682	1,774
Total General and Administrative	$ 8,722	$ 7,132	$26,564	$25,678

Total general and administrative expenses increased $1.6 million, or 22.3%, to $8.7 million in the three months ended September 30, 2014, as compared to $7.1 million in the three months ended September 30, 2013. In the U.S. segment, general and administrative expense increased $1.6 million, or 24.8%, to $8.2 million in the three months ended September 30, 2014, as compared to $6.6 million in the prior year period. In the International segment, general and administrative expense remained flat as compared to the prior year period.

Total general and administrative expenses increased $0.9 million, or 3.5%, to $26.6 million in the nine months ended September 30, 2014, as compared to $25.7 million in the nine months ended September 30, 2013. In the U.S. segment, general and administrative expense increased $1.0 million, or 4.1%, to $24.9 million in the nine months ended September 30, 2014, as compared to $23.9 million in the prior year period. In the International segment, general and administrative expense remained flat as compared to the prior year period.

The increase in the U.S. segment general and administrative expenses for the three months ended September 30, 2014 over the prior year period is primarily due to an increase in employee related expenses, higher legal fees related to our business interruption claim and non-recurrence of bad debt recovery that occurred in prior year. Offsetting these increases was a decrease in depreciation expense.

The increase in the U.S. segment general and administrative expenses for the nine months ended September 30, 2014 over the prior year period is primarily due to an increase in employee related expenses, including recruitment. Offsetting these increases were non-recurrence of severance expense related to the reduction in force in the first quarter of 2013, decrease in depreciation expense, cost savings achieved through the renegotiation of certain information technology related contracts and lower legal fees due to reduced amount of services.

Research and Development

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
United States	$ 2,953	$ 5,779	$8,656	$ 25,200
International	96	114	302	228
Total Research and Development	$ 3,049	$ 5,893	$8,958	$ 25,428

Total research and development expenses decreased $2.8 million, or 48.3%, to $3.1 million in the three months ended September 30, 2014, as compared to $5.9 million in the three months ended September 30, 2013. In the U.S. segment, research and development expense decreased $2.8 million, or 48.9%, to $3.0 million in the three months ended September 30, 2014, as compared to $5.8 million in the prior year period. In the International segment, research and development expense remained flat as compared to the prior year period.

Total research and development expenses decreased $16.5 million, or 64.8%, to $9.0 million in the nine months ended September 30, 2014, as compared to $25.4 million in the nine months ended September 30, 2013. In the U.S. segment, research and development expense decreased $16.5 million, or 65.7%, to $8.7 million in the nine months ended September 30, 2014, as compared to $25.2 million in the prior year period. In the International segment, research and development expense increased $0.1 million, or 32.5%, to $0.3 million in the nine months ended September 30, 2014, as compared to $0.2 million in the prior year period.

The decrease in the U.S. segment research and development expenses for both the three and nine months ended September 30, 2014 over the prior year periods are primarily due to a decline in external expense associated with Phase 3 clinical trial for flurpiridaz F 18 as we completed patient enrollment during the third quarter of 2013. In addition, we had lower headcount related to the reduction in force in the first quarter of 2013 as a result of a strategic shift to use fewer internal resources as we seek strategic partners to assist in the future development and commercialization of our development candidates.

The increase in the International segment research and development expenses for the nine months ended September 30, 2014 over the prior year period is primarily due to a higher allocation of depreciation expense to research and development.

Impairment of Land

During the third quarter of 2013, we committed to a plan to sell certain of our excess land. This event qualified for held for sale accounting and the excess land was written down to its fair value, less costs to sell. This resulted in a loss of $6.8 million, which is included within operating loss as impairment of land in the accompanying condensed consolidated statement of comprehensive income (loss). The fair value was estimated utilizing Level 3 inputs and using a market approach, based on available data for transactions in the region as well as the asking price of comparable properties in our principal market. On November 8, 2013, we sold the excess land for net proceeds of $1.1 million.

Other Expense, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2014	2013	2014	2013
Interest expense	$(10,592)	$(11,052)	$(31,724)	$(32,410)
Interest income	7	17	20	87
Other income (expense), net	441	260	(148)	894
Total other expense, net	$(10,144)	$(10,775)	$(31,852)	$(31,429)

Interest Expense

For the three and nine months ended September 30, 2014, compared to the same periods in 2013, interest expense decreased by $0.5 million and $0.7 million, respectively, as a result of decreased amortization related to deferred financing costs.

Interest Income

For the three and nine months ended September 30, 2014, compared to the same periods in 2013, interest income decreased by $10,000 and $67,000, respectively, as a result of the change in balances in interest bearing accounts.

Other Income (Expense), net

For the three months ended September 30, 2014, as compared to the prior year period, other income increased by $0.2 million as a result of an increase in foreign currency gains. For the nine months ended September 30, 2014, as compared to the prior year period, other income decreased by $1.0 million as a result of a net $1.2 million settlement indemnified by BMS during 2013. In addition, during the nine months ended September 30, 2013, we received $0.4 million in consideration from the extinguishment of our membership interest in a mutual insurance company.

Provision (benefit) for Income Taxes

(dollars in thousands)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Provision (benefit) for income taxes	$ (56)	$ (279)	$ (374)	$ 267

For the nine months ended September 30, 2014 and 2013, our effective tax rate was 20.3% and (0.5)%, respectively. The $0.2 million decrease in the tax benefit for the three months ended September 30, 2014, as compared to the same period in 2013, was impacted primarily by a larger pre-tax income in certain foreign jurisdictions. The $0.6 million decrease in the tax provision for the nine months ended September 30, 2014, as compared to the same period in 2013, was impacted primarily by a larger pre-tax income in certain foreign jurisdictions and higher tax rate which was offset by the New York State settlement benefit, which exceeded the prior year reversal of an uncertain tax position relating to state taxes. Our tax rate is also affected by recurring items, such as tax rates in foreign jurisdictions, which we expect to be fairly consistent in the near term, as well as other discrete events that may not be consistent from year-to-year. The following items had the most significant impact on the differences between our statutory U.S. federal income tax rate of 35% and our effective tax rate during the three and nine months ended:

Three months ended September 30, 2014

- A $0.9 million decrease in our uncertain tax positions primarily relating to the closing of a statute of limitations relating to transfer pricing matters.
- A $0.7 million increase in our uncertain tax positions relating to accrued interest associated with state tax nexus and transfer pricing matters.
- A $0.2 million decrease relating to loss corporations with full valuation allowances for which the losses are not benefited.

Nine months ended September 30, 2014

- A $0.9 million decrease in our uncertain tax positions primarily relating to the closing of a statute of limitations relating to a transfer pricing matter.
- A $2.1 million increase in our uncertain tax positions primarily relating to accrued interest associated with state tax nexus and transfer pricing matters.
- A $1.8 million decrease in our uncertain tax positions relating to the New York State settlement agreement.
- A $1.1 million increase relating to loss corporations with full valuation allowances for which the losses are not benefited

Three months ended September 30, 2013

- A $5.6 million increase to our valuation allowance against net domestic deferred tax assets.
- A $0.7 million increase in our uncertain tax positions relating to accrued interest associated with state tax nexus and transfer pricing matters.
- A $0.8 million decrease in our uncertain tax positions primarily relating to the closing of a statute of limitations relating to a transfer pricing matter.

Nine months ended September 30, 2013

- A $17.4 million increase to our valuation allowance against net domestic deferred tax assets.
- A $2.1 million increase in our uncertain tax positions primarily relating to accrued interest associated with state tax nexus and transfer pricing matters.
- A $0.9 million decrease in our uncertain tax positions relating to the closing of a statute of limitations relating to a state tax matter.
- A $0.8 million decrease in our uncertain tax positions primarily relating to the closing of a statute of limitations relating to a transfer pricing matter.

Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash flows:

(dollars in thousands)	Nine Months Ended September 30, 2014	2013	$ Change
Cash provided by (used in):			
Operating activities	$15,448	$(11,822)	$27,270
Investing activities	$ (4,848)	$ (3,711)	$ (1,137)
Financing activities	$ (1,932)	$ 5,749	$ (7,681)

Net Cash Provided by (Used in) Operating Activities

Cash used in operating activities is primarily driven by our earnings and changes in working capital. The decrease in cash used in operating activities for the nine months ended September 30, 2014 as compared to 2013 was primarily driven by a decrease in net loss. The improvement was partially offset by cash flow decreases in accounts payable primarily due to the timing of payments and cash flow decreases in accounts receivable due to timing of receipts.

Net Cash Used in Investing Activities

The increase in net cash used in investing activities in the nine months ended September 30, 2014 as compared to 2013 primarily reflects increased spending on the purchase of property and equipment.

Net Cash Provided by (Used in) Financing Activities

Our primary sources of cash in financing activities are related to proceeds from our line of credit. The decrease in net cash provided by financing activities in the nine months ended September 30, 2014 as compared to 2013 was primarily driven by lower levels of net borrowings under our line of credit during 2014.

External Sources of Liquidity

On May 10, 2010, we issued $250.0 million in aggregate principal amount of 9.750% Senior Notes due in 2017, or the Restricted Notes, at face value, net of issuance costs of $10.1 million, under the indenture, dated as of May 10, 2010. On February 2, 2011, we consummated an exchange offer where we exchanged $250.0 million aggregate principal amount of our Restricted Notes for an equal principal amount of 9.750% Senior Notes due 2017, or the Exchange Notes, that were registered under the Securities Act, with substantially identical terms in all respects.

On March 21, 2011, we issued an additional $150.0 million in aggregate principal amount of New Restricted Notes, net of issuance costs of $4.9 million, under the indenture, dated as of May 10, 2010, as supplemented by the First Supplemental Indenture, dated as of March 14, 2011, and the Second Supplemental Indenture, dated as of March 21, 2011, or together, the Indenture. The net proceeds were used to repurchase all of the remaining Series A Preferred Stock at the accreted value of approximately $44.0 million and to issue an approximate $106.0 million dividend to our common security holders. On May 10, 2011, we consummated an exchange offer where we exchanged $150.0 million aggregate principal amount of New Restricted Notes for an equal principal amount of 9.750% Senior Notes due 2017, or the New Exchange Notes, registered under the Securities Act, with substantially identical terms in all respects.

The Exchange Notes and the New Exchange Notes, or together, the Notes, mature on May 15, 2017. Interest on the Notes accrues at a rate of 9.750% per year and is payable semiannually in arrears on May 15 and November 15 commencing on November 15, 2010 for the Notes issued on May 10, 2010 and May 15, 2011 for the Notes issued on March 21, 2011. Our annual interest expense increased from $24.4 million to $39.0 million as a result of the March 21, 2011 issuance of Notes.

In connection with the Restricted Notes issuance, we entered into a revolving facility, or the Old Facility, for total borrowings up to $42.5 million. During 2012, we entered into an unfunded Standby Letter of Credit for up to $8.8 million to support a surety bond related to a statutory decommissioning obligation we have in connection with our Billerica facility. The unfunded Standby Letter of Credit decreased the borrowing availability under the Old Facility by $8.8 million.

On July 3, 2013, we entered into an amended and restated asset-based revolving credit facility, or our revolving credit facility, in an aggregate principal amount not to exceed $42.5 million. On June 24, 2014, we entered into an amendment of our revolving credit facility, which, among other things, increased the revolving credit commitments under our revolving credit facility to $50.0 million; provided that, subsequent to the amendment, borrowings in excess of $42.5 million thereunder are subject to certification of compliance with (x) the debt and lien covenants under the indenture for the Notes and (y) an additional $3.0 million of secured debt capacity under the indenture for the Notes.

Subsequent to the amendment, the revolving loans under our revolving credit facility bear interest, 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 September 30, 2014 and December 31, 2013, we had an unfunded Standby Letter of Credit for up to $8.8 million. The unfunded Standby Letter of Credit has an annual fee, payable quarterly, which, subsequent to the amendment, is set at LIBOR plus a spread of 2.00% and expires on February 5, 2015. The unfunded Standby Letter of Credit 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 revolving credit facility is secured by a pledge of substantially all of our assets together with the assets of Lantheus Intermediate and 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 September 30, 2014, the aggregate Borrowing Base was approximately $47.5 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 $30.6 million.

Our revolving credit facility contains affirmative and negative covenants, as well as restrictions on the ability of 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 us and our 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;

- 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.

If JHS is not able to continue to manufacture and release product supply on a timely and consistent basis, or we are unable to continue to grow DEFINITY sales, then we will need to implement certain additional expense reductions, such as a delay or elimination of discretionary spending in all functional areas, as well as other 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 revolving credit 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 revolving credit 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 revolving credit 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 September 30, 2014, our only current committed external source of funds is our borrowing availability under our revolving credit facility. We generated a net loss of $1.5 million during the nine months ended September 30, 2014 and had $25.2 million of cash and cash equivalents at September 30, 2014. Availability under our revolving credit 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.

We took actions during March 2013 to substantially reduce our discretionary spending in order to reposition us to focus our resources on our higher growth products. In particular, we implemented a strategic shift in how we intend to fund our important R&D programs. We have reduced our internal R&D resources during 2013 while at the same time we seek to engage one or more 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. Based on our current operating plans, we believe that our existing cash and cash equivalents, results of operations and availability under our revolving credit 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.

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. We have elected to perform the annual test for goodwill impairment as of October 31 of each year. All goodwill has been allocated to our U.S. operating segment.

During the first quarter of 2013, the strategic shift in how we will fund our R&D programs significantly altered the expected future costs and revenues associated with our agents in development. Accordingly, this action was deemed to be a triggering

event for an evaluation of the recoverability of our goodwill as of March 31, 2013. We performed an interim impairment test and determined that there was no impairment of goodwill as of March 31, 2013. There were no events as of September 30, 2014 and December 31, 2013 that triggered an interim impairment test. At each annual and interim impairment test date, the fair value of our reporting unit, which includes goodwill, was substantially in excess of our carrying value.

We calculate the fair value of our reporting units using the income approach, which utilizes discounted forecasted future cash flows and the market approach which utilizes fair value multiples of comparable publicly traded companies. The discounted cash flows are based on our most recent long-term financial projections and are discounted using a risk adjusted rate of return, which is determined using estimates of market participant risk-adjusted weighted average costs of capital and reflects the risks associated with achieving future cash flows. The market approach is calculated using the guideline company method, where we use market multiples derived from stock prices of companies engaged in the same or similar lines of business. There is not a quoted market price for our reporting units or the company as a whole, therefore, a combination of the two methods is utilized to derive the fair value of the business. We evaluate and weigh the results of these approaches as well as ensure we understand the basis of the results of these two methodologies. We believe the use of these two methodologies ensures a consistent and supportable method of determining our fair value that is consistent with the objective of measuring fair value. If the fair value were to decline, then we may be required to incur material charges relating to the impairment of those assets.

We test intangible and long-lived assets for recoverability whenever events or changes in circumstances suggest that the carrying value of an asset or group of assets may not be recoverable. We measure the recoverability of assets to be held and used by comparing the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If those assets are considered to be impaired, the impairment equals the amount by which the carrying amount of the assets exceeds the fair value of the assets. Any impairments are recorded as permanent reductions in the carrying amount of the assets. Long-lived assets, other than goodwill and other intangible assets, that are held for sale are recorded at the lower of the carrying value or the fair market value less the estimated cost to sell.

Fixed assets dedicated to R&D activities, which were impacted by the March 2013 R&D strategic shift, have a carrying value of $5.2 million as of September 30, 2014. We believe these fixed assets will be utilized for either internally funded ongoing R&D activities or R&D activities funded by a strategic partner. If we are not successful in finding a strategic partner, and there are no alternative uses for those fixed assets, they could be subject to impairment in the future.

Please read Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2013 Form 10-K for the year ended December 31, 2013, for a discussion of our critical accounting estimates. There have been no material changes to our critical accounting policies in the nine months ended September 30, 2014.

Off-Balance Sheet Arrangements

We are required to provide the U.S. Nuclear Regulatory Commission 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 unfunded Standby 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 our revolving credit 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 September 30, 2014, there was $8.1 million outstanding including interest under our revolving credit facility and an $8.8 million unfunded Standby Letter of Credit, which reduced availability to $30.6 million on our revolving credit facility. Any increase in the interest rate under our revolving credit facility may have a negative impact on our future earnings to the extent we have outstanding borrowings under our revolving credit facility. The effect of a 100 basis points adverse change in market interest rates on our interest expense for the nine months ending September 30, 2014, would be approximately $76,000. 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 nine months ended September 30, 2014 and 2013, the net impact of foreign currency changes on transactions was a loss of $0.3 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 nine month periods ended September 30, 2014 and 2013 was 41.3% and 31.8%, respectively. If the U.S. Dollar had been stronger by 1%, 5% or 10%, compared to the actual rates during the nine months ended September 30, 2014, we estimate our gross margin on revenues would have increased by 0.0%, 0.2% and 0.5%, respectively. If the U.S. Dollar had been stronger by 1%, 5% or 10%, compared to the actual rates during the nine months ended September 30, 2013, we estimate our gross margin on revenues would have increased by 0.1%, 0.3% 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 such subsidiaries into the U.S. Dollar. The Canadian Dollar represents 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 nine months ended September 30, 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%	$ (332)	$ (16)
5%	(1,658)	(79)
10%	(3,316)	(157)

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 nine months ended September 30, 2013 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%	$ (372)	$ (23)
5%	(1,861)	(116)
10%	(3,722)	(232)

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 September 30, 2014 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. We 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. We cannot be certain what amount, if any, or when, if ever, we will be able to recover for business interruption losses related to this matter.

Except as noted above, as of September 30, 2014, 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014 except as set forth below. For further information, refer to Part II—Item IA. "Risk Factors," in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014.

Our dependence upon third parties for the manufacture and supply of a substantial portion of our products could prevent us from delivering our products to our customers in the required quantities, within the required timeframes, or at all, which could result in order cancellations and decreased revenues.

We obtain a substantial portion of our products from third party manufacturers and suppliers. Historically, we relied on BVL in Bedford, Ohio as our sole manufacturer of DEFINITY, Neurolite and evacuation vials, an ancillary component for our TechneLite generators, and as one of two manufacturers of Cardiolite. Our products were manufactured at BVL's south complex facility, or the South Complex, where BVL also manufactured products for a number of other pharmaceutical customers. In July 2010, BVL temporarily shutdown the South Complex, in order to upgrade the facility to meet certain regulatory requirements. BVL had originally planned for the shutdown of the South Complex to run through March 2011 and to resume production of our products in April 2011. In anticipation of the shutdown, BVL manufactured for us additional inventory of these products to meet our expected needs during this period. A series of unexpected delays at BVL, however, resulted in a stockout for Neurolite from the third quarter 2011 until the third quarter 2013, product outages and shortages for DEFINITY in much of 2012 and product outages and shortages for Cardiolite in 2012 and 2013.

Although we entered into new agreements with BVL in March 2012, which provided, among other things, $35.0 million of cash payments to us, and BVL was able to resume some manufacturing under the new agreement, BVL continued to face regulatory issues and supply challenges. In October 2013, BVL announced that it would cease manufacturing further new batches of our products in its Bedford, Ohio facility and, in November 2013, BVL terminated our arrangement, and, among other things, paid us an additional $8.9 million.

Following extensive technology transfer activities, we now rely on JHS as our sole source manufacturer of DEFINITY and evacuation vials. We currently have additional ongoing technology transfer activities at JHS for our Neurolite product and at Pharmalucence for DEFINITY, but we can give no assurances as to when that technology transfer will be completed and when we will actually receive supply of Neurolite from JHS or DEFINITY from Pharmalucence. In the meantime, we have no other currently active manufacturer of Neurolite, and our DEFINITY, evacuation vial and Cardiolite product supply is currently manufactured by a single manufacturer. In addition, Mallinckrodt Pharmaceuticals, or Mallinckrodt, is our sole manufacturer for Ablavar.

Based on our current estimates, we believe that we will have sufficient supply of DEFINITY from JHS and remaining BVL inventory to meet expected demand, sufficient Cardiolite product supply from our current manufacturer to meet expected demand, sufficient supply of evacuation vials from JHS to meet expected demand and sufficient Ablavar product supply to meet expected demand. We also currently anticipate that we will have sufficient BVL-manufactured Neurolite supply for the U.S. market to last until Neurolite technology transfer and U.S. regulatory approval at JHS are completed. However, we can give no assurances that JHS or our other manufacturing partners will be able to manufacture and distribute our products in a high quality and timely manner and in sufficient quantities to allow us to avoid product stock-outs and shortfalls. Currently, the regulatory authorities in certain countries prohibit us from marketing products previously manufactured by BVL, and JHS has not yet obtained approval of some of those regulatory authorities that would permit us to market all of our products manufactured by JHS. Accordingly, until those regulatory approvals have been obtained, our international business, results of operations, financial condition and cash flows will continue to be adversely affected.

Our manufacturing agreement for Ablavar has terminated. We do not have any current plans to initiate technology transfer activities for Ablavar. If we do not engage in Ablavar technology transfer activities in the future with a new manufacturing partner for Ablavar, then our existing Ablavar inventory will expire in 2016 and we will have no further Ablavar inventory that we will be able to sell.

In addition to the products described above, for reasons of quality assurance or cost-effectiveness, we purchase certain components and raw materials from sole suppliers (including, for example, the lead casing for our TechneLite generators and the evacuation vials for our TechneLite generators manufactured by JHS). Because we do not control the actual production of many of the products we sell and many of the raw materials and components that make up the products we sell, we may be subject to delays caused by interruption in production based on events and conditions outside of our control. At our North Billerica, Massachusetts facility, we manufacture TechneLite on a relatively new, highly automated production line, as well as Thallium and Gallium using our older cyclotron technology. As with all manufacturing facilities, equipment and infrastructure age and become subject to increasing maintenance and repair. If we or one of our manufacturing partners experiences an event, including a labor dispute, natural disaster, fire, power outage, machinery breakdown, security problem, failure to meet regulatory requirements, product quality issue, technology

transfer issue or other issue, we may be unable to manufacture the relevant products at previous levels or on the forecasted schedule, if at all. Due to the stringent regulations and requirements of the governing regulatory authorities regarding the manufacture of our products, we may not be able to quickly restart manufacturing at a third party or our own facility or establish additional or replacement sources for certain products, components or materials.

In addition to our existing manufacturing relationships, we are also pursuing new manufacturing relationships to establish and secure additional or alternative suppliers for our commercial products. For example, on November 12, 2013, we entered into a Manufacturing and Supply Agreement with Pharmalucence to manufacture and supply DEFINITY. We cannot assure you, however, that these supply diversification activities will be successful, or that before those alternate manufacturers or sources of product are fully functional and qualified, that we will be able to avoid or mitigate interim supply shortages. In addition, we cannot assure you that our existing manufacturers or suppliers or any new manufacturers or suppliers can adequately maintain either their financial health or regulatory compliance to allow continued production and supply. A reduction or interruption in manufacturing, or an inability to secure alternative sources of raw materials or components, could eventually have a material adverse effect on our business, results of operations, financial condition and cash flows.

The growth of our business is substantially dependent on increased market penetration for the appropriate use of DEFINITY in suboptimal echocardiograms.

The growth of our business is substantially dependent on increased market penetration for the appropriate use of DEFINITY in suboptimal echocardiograms. Of the over 30 million echocardiograms performed each year in the United States, a third party source estimates that 20%, or approximately six million echocardiograms, produce suboptimal images. We estimate that DEFINITY had approximately 76% share of the market for contrast agents in the United States in September 2014. If we are not able to continue to grow DEFINITY sales through increased market penetration, we will not be able to grow the revenue and cash flow of the business or continue to fund our other growth initiatives at planned levels, which could have a negative effect on our prospects.

In the United States, we are heavily dependent on a few large customers and group purchasing organization arrangements to generate a majority of our revenues for our medical imaging products. Outside of the United States, we rely on distributors to generate a substantial portion of our revenue.

In the United States, we rely on a limited number of radiopharmacy customers, primarily Cardinal, GE Healthcare, UPPI and Triad, to distribute our current largest volume nuclear imaging products and generate a majority of our revenues. Three customers accounted for approximately 39% of our revenues in the fiscal year ended December 31, 2013, with Cardinal, UPPI and GE Healthcare accounting for 19%, 10% and 10%, respectively. Among the existing radiopharmacies in the United States, continued consolidations, divestitures and reorganizations may have a negative effect on our business, results of operations, financial condition or cash flows. We generally have distribution arrangements with our major radiopharmacy customers pursuant to multi-year contracts, each of which is subject to renewal. For example, our current contract with Cardinal for TechneLite generators, Cardiolite, Xenon, Neurolite and other products expires on December 31, 2014, and negotiations are currently underway with Cardinal in connection with the renewal of that contract. If these contracts are terminated prior to expiration of their term, or are not renewed, or are renewed on terms that are less favorable to us, then such an event could have a material adverse effect on our business, results of operations, financial condition and cash flows.

For both our nuclear imaging agents and contrast agents, we continue to experience significant pricing pressures from our competitors, large customers and group purchasing organizations, and any significant, additional pricing pressures could lead to a reduction in revenue which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Outside of the United States, Canada, Australia and Puerto Rico, we have no radiopharmacies or sales force and, consequently, rely on third party distributors, either on a country-by-country basis or on a multicountry, regional basis, to market, sell and distribute our products. These distributors accounted for approximately 13%, 16% and 19% of non-U.S. revenues for the fiscal years ended December 31, 2013, 2012 and 2011, respectively. In certain circumstances, these distributors may also sell competing products to our own or products for competing diagnostic modalities and may have incentives to shift sales towards those competing products. As a result, we cannot assure you that our international distributors will increase or maintain our current levels of unit sales or increase or maintain our current unit pricing, which, in turn, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We have a history of net losses and total stockholder's deficits which may continue and which may negatively impact our ability to achieve or sustain profitability.

We have a history of net losses and cannot assure you that we will achieve or sustain profitability in the future. For the nine months ended September 30, 2014, we incurred net loss of $1.5 million and total stockholder's deficit of $240.4 million. We incurred net loss for the years ended December 31, 2013, 2012 and 2011 of $61.7 million, $42.0 million and $136.5 million, respectively, and as of December 31, 2013, we had a total stockholder's deficit of $237.1 million. We cannot assure you that we will be able to achieve or sustain profitability on a quarterly or annual basis in the future. If we cannot improve our profitability, the value of our enterprise may decline.

We face significant competition in our business and may not be able to compete effectively.

The market for diagnostic medical imaging agents is highly competitive and continually evolving. Our principal competitors in existing diagnostic modalities include large, global companies with substantial financial, manufacturing, sales and marketing and logistics resources that are more diversified than ours, such as Mallinckrodt, GE Healthcare, Bayer Schering Pharma AG, or Bayer, Bracco, and DRAXIS Specialty Pharmaceuticals Inc. (an affiliate of JHS), or Draxis, as well as other competitors. We cannot anticipate their actions in the same or competing diagnostic modalities, such as significant price reductions on products that are comparable to our own, development or introduction of new products that are more cost- effective or have superior performance than our current products, the introduction of generic versions when our proprietary products lose their patent protection or the new entry into a generic market in which we are already a participant. Our current or future products could be rendered obsolete or uneconomical as a result of this competition. Our failure to compete effectively could cause us to lose market share to our competitors and have a material adverse effect on our business, results of operations, financial condition and cash flows.

In October 2014, Bracco received FDA approval in the United States for its echocardiography agent, Lumason (known as SonoVue outside the U.S.), which is already approved for sale in Europe and certain Asian markets, including China, Japan and Korea. Bracco now has one of three FDA-approved

echocardiography contrast agents in the United States, together with GE Healthcare's Optison and our DEFINITY. If Bracco successfully commercializes Lumason in the United States without otherwise increasing the overall usage of ultrasound contrast agents, our current and future sales volume could suffer, which would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Generic competition has significantly eroded our market share of the MPI segment for Cardiolite products and will continue to do so.

We are currently aware of four separate, third party generic offerings of sestamibi, the first of which launched in September 2008. Cardiolite products accounted for approximately 6% and 10% of our revenues in the nine months ended September 30, 2014 and

2013, respectively, and 9%, 12% and 19% of our revenues in the fiscal years ended December 31, 2013, 2012, and 2011, respectively. Included in Cardiolite is branded Cardiolite and generic sestamibi, some of which we produce and some of which we procure from third parties. With the advent of generic competition in September 2008, we have faced significant pricing and unit volume pressures on Cardiolite. To the extent generic competitors further reduce their prices, we may be forced to further reduce the price of our Cardiolite products as well as lose additional market share, which would have an adverse effect on our business, results of operations, financial condition and cash flows.

In addition, because several of the products we manufacture became less available due to recent supply challenges, certain of our customers may have begun to favor a generic offering or a competing agent or diagnostic modality. If we experience continued pricing and unit volume pressures or that product or modality shift is sustained, it could have a material adverse effect on our business, results of operation, financial condition and cash flows.

Our business and industry are subject to complex and costly regulations. If government regulations are interpreted or enforced in a manner adverse to us or our business, we may be subject to enforcement actions, penalties, exclusion and other material limitations on our operations.

Both before and after the approval of our products and agents in development, we, our products, development agents, operations, facilities, suppliers, distributors, contract manufacturers, contract research organizations and contract testing laboratories are subject to extensive and, in certain circumstances, expanding regulation by federal, state and local government agencies in the United States as well as non-U.S. and transnational laws and regulations, with regulations differing from country to country. In the United States, the FDA regulates, among other things, the pre-clinical testing, clinical trials, manufacturing, safety, efficacy, potency, labeling, storage, record keeping, quality systems, advertising, promotion, sale, distribution, and import and export of drug products. We are required to register our business for permits and/or licenses with, and comply with the stringent requirements of the FDA, the U.S. Nuclear Regulatory Commission, or NRC, the HHS, Health Canada, the European Medicines Agency, or EMA, the U.K. Medicines and Healthcare Products Regulatory Agency, or MHRA, state and provincial boards of pharmacy, state and provincial health departments and other federal, state and provincial agencies.

Under U.S. law, for example, we are required to report certain adverse events and production problems, if any, to the FDA. We also have similar adverse event and production reporting obligations outside of the United States, including to the EMA and MHRA. Additionally, we must comply with requirements concerning advertising and promotion for our products, including the prohibition on the promotion of our products for indications that have not been approved by the FDA or a so-called "off-label use." If the FDA determines that our promotional materials constitute the unlawful promotion of an off-label use, it could request that we modify our promotional materials or subject us to regulatory or enforcement actions. Also, quality control and manufacturing procedures at our own facility and at third party suppliers must conform to cGMP regulations and other applicable law after approval, and the FDA periodically inspects manufacturing facilities to assess compliance with cGMPs and other applicable law, and, from time to time, makes those cGMPs more stringent. Accordingly, we and others with whom we work must expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production and quality control. For example, we currently rely on JHS as our sole manufacturer of DEFINITY and, later in 2014 or 2015, we will rely on JHS as our sole manufacturer of Neurolite. JHS has recently received a warning letter from the FDA in connection with their manufacturing facility in Spokane, Washington where our products are, or will be, manufactured. If JHS cannot resolve the issues in their facility underlying the warning letter or if the issues become worse, then the FDA could take additional regulatory action which could limit or suspend the ability of JHS to manufacture our products and have any additional products approved at the Spokane facility for manufacture until the issues are resolved and remediated. Such a limitation or suspension could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are also subject to laws and regulations that govern financial and other arrangements between pharmaceutical manufacturers and healthcare providers, including federal and state anti-kickback statutes, federal and state false claims laws and regulations and other fraud and abuse laws and regulations. For example, in 2010, we entered into a Medicaid Drug Rebate Agreement with the federal government for certain of our products, which requires us to report certain price information to the federal government that could subject us to potential liability under the False Claims Act, civil monetary penalties or liability under other laws and regulations in connection with the covered products as well as the products not covered by the agreement. Determination of the rebate amount that we pay to state Medicaid programs for our products, as well as determination of payment amounts under Medicare and certain other third party payers, including government payers, depends upon information reported by us to the government. If we provide customers or government officials with inaccurate information about the products' pricing or eligibility for coverage, or the products fail to satisfy coverage requirements, we could be terminated from the rebate program, be excluded from participation in government healthcare programs, or be subject to potential liability under the False Claims Act or other laws and regulations.

Failure to comply with other requirements and restrictions placed upon us or our third party manufacturers or suppliers by laws and regulations can result in fines, civil and criminal penalties, exclusion from federal healthcare programs and debarment. Possible consequences of those actions could include:

- substantial modifications to our business practices and operations;
- significantly reduced demand for our products (if products become ineligible for reimbursement under federal and state healthcare programs);
- a total or partial shutdown of production in one or more of the facilities where our products are produced while the alleged violation is being remediated;
- delays in or the inability to obtain future pre-market clearances or approvals; and
- withdrawals or suspensions of our current products from the market.

Regulations are subject to change as a result of legislative, administrative or judicial action, which may also increase our costs or reduce sales. Violation of any of these regulatory schemes, individually or collectively, could disrupt our business and have a material adverse effect on our business, results of operations, financial condition and cash flows.

Ultrasound contrast agents may cause side effects which could limit our ability to sell DEFINITY.

DEFINITY is an ultrasound contrast agent based on perflutren lipid microspheres. In 2007, the FDA received reports of deaths and serious cardiopulmonary reactions following the administration of ultrasound micro-bubble contrast agents used in echocardiography. Four of the 11 reported deaths were caused by cardiac arrest occurring either during or within 30 minutes following the administration of the contrast agent; most of the serious but non-fatal reactions also occurred in this time frame. As a result, in October 2007, the FDA requested that we and GE Healthcare, which distributes Optison, a competitor to DEFINITY, add a boxed warning to these products emphasizing the risk for serious cardiopulmonary reactions and that the use of these products was contraindicated in certain patients. In a strong reaction by the cardiology community to the FDA's new position, a letter was sent to the FDA, signed by 161 doctors, stating that the benefit of these ultrasound contrast agents outweighed the risks and urging that the boxed warning be removed. In May 2008, the FDA substantially modified the boxed warning. On May 2, 2011, the FDA held an advisory committee meeting to consider the status of ultrasound micro-bubble contrast agents and the boxed warning. 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 and Optison. If additional safety issues arise, this may result in further changes in labeling or result in restrictions on the approval of our product, including removal of the product from the market. Lingering safety concerns about DEFINITY among some healthcare providers or future unanticipated side effects or safety concerns associated with DEFINITY could limit expanded use of DEFINITY and have a material adverse effect on the unit sales of this product and our financial condition and results of operations.

Our business depends on our ability to successfully introduce new products and adapt to a changing technology and diagnostic landscape.

The healthcare industry is characterized by continuous technological development resulting in changing customer preferences and requirements. The success of new product development depends on many factors, including our ability to fund development of new agents, anticipate and satisfy customer needs, obtain regulatory approval on a timely basis based on performance of our agents in development versus their clinical study comparators, develop and manufacture products in a cost-effective and timely manner, maintain advantageous positions with respect to intellectual property and differentiate our products from our competitors. To compete successfully in the marketplace, we must make substantial investments in new product development whether internally or externally through licensing or acquisitions. Our failure to introduce new and innovative products in a timely manner would have an adverse effect on our business, results of operations, financial condition and cash flows.

Even if we are able to develop, manufacture and obtain regulatory approvals for our new products, the success of these products would depend upon market acceptance and adequate reimbursement. Levels of market acceptance for our new products could be affected by a number of factors, including:

- the availability of alternative products from our competitors, such as, in the case of DEFINITY, GE Healthcare's Optison, Bracco's Lumason and other imaging modalities;
- the price of our products relative to those of our competitors;

- the timing of our market entry;
- our ability to market and distribute our products effectively;
- market acceptance of our products; and
- our ability to obtain adequate reimbursement.

The field of diagnostic medical imaging is dynamic, with new products, including equipment and agents, continually being developed and existing products continually being refined. Our own diagnostic imaging agents compete not only with other similarly administered imaging agents but also with imaging agents employed in different and often competing diagnostic modalities. New imaging agents in a given diagnostic modality may be developed that provide benefits superior to the then-dominant agent in that modality, resulting in commercial displacement. Similarly, changing perceptions about comparative efficacy and safety including, among other things, comparative radiation exposure, as well as changing availability of supply may favor one agent over another or one modality over another. In addition, new or revised professional society appropriate use criteria, which are developed to assist physicians and other health care providers in making appropriate imaging decisions for specific clinical conditions, can and have reduced the frequency of and demand for certain imaging modalities and imaging agents. To the extent there is technological obsolescence in any of our products that we manufacture, resulting in lower unit sales or decreased unit sales prices, we will have increased unit overhead allocable to the remaining market share, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our current portfolio of commercial products primarily focuses on heart disease and vascular disease. This particular focus, however, may not be in our long-term best interest if the incidence and prevalence of heart disease and vascular disease decrease over time. Despite the aging population in the affluent parts of the world where diagnostic medical imaging is most frequently used, government and private efforts to promote preventative cardiac care through exercise, diet and improved medications could decrease the overall demand for our products, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our business is subject to international economic, political and other risks that could negatively affect our results of operations or financial position.

For the nine months ended September 30, 2014 and 2013, 22% and 25%, respectively, of our revenues were derived outside of the United States. For the years ended December 31, 2013, 2012 and 2011, 25%, 27% and 25%, respectively, of our revenues were derived from countries outside the United States. We anticipate that revenue from non-U.S. operations will grow in the future. Accordingly, our business is subject to risks associated with doing business internationally, including:

- less stable political and economic environments and changes in a specific country's or region's political or economic conditions;
- entering into or renewing commercial agreements with international governments or provincial authorities or entities directly or indirectly controlled by such governments or authorities, such as our Chinese partner Double-Crane;
- international customers which are agencies or institutions of foreign governments,
- local business practices which may be in conflict with the FCPA and Bribery Act;
- currency fluctuations;
- potential negative consequences from changes in tax laws affecting our ability to repatriate profits;
- unfavorable labor regulations;
- greater difficulties in relying on non-U.S. courts to enforce either local or U.S. laws, particularly with respect to intellectual property;
- greater potential for intellectual property piracy;
- greater difficulties in managing and staffing non-U.S. operations;
- the need to ensure compliance with the numerous in-country and international regulatory and legal requirements applicable to our business in each of these jurisdictions and to maintain an effective compliance program to ensure compliance with these requirements;
- changes in public attitudes about the perceived safety of nuclear facilities;
- changes in trade policies, regulatory requirements and other barriers;
- civil unrest or other catastrophic events; and
- longer payment cycles of non-U.S. customers and difficulty collecting receivables in non-U.S. jurisdictions.

These factors are beyond our control. The realization of any of these or other risks associated with operating in non-U.S. countries could have a material adverse effect on our business, results of operations, financial condition and cash flows. As our international exposure increases and as we execute our strategy of international expansion, these risks may intensify.

We face currency and other risks associated with international sales.

We generate significant revenue from export sales, as well as from operations conducted outside the United States. During the nine months ended September 30, 2014 and 2013, the net impact of foreign currency changes on transactions was a loss of $0.3 million and $0.2 million, respectively. During the years ended December 31, 2013, 2012 and 2011, the net impact of foreign currency changes on transactions was a loss of $349,000, $579,000 and $156,000, respectively. Operations outside the United States expose us to risks including fluctuations in currency values, trade restrictions, tariff and trade regulations, U.S. export controls, non-U.S. tax laws, shipping delays and economic and political instability. For example, violations of U.S. export controls, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, could result in fines, other civil or criminal penalties and the suspension or loss of export privileges which could have a material adverse effect on our business, results of operations, financial conditions and cash flows.

The functional currency of each of our non-U.S. operations is generally the local currency, although one non-U.S. operation's functional currency is the U.S. Dollar. Exchange rates between some of these currencies and U.S. Dollar have fluctuated significantly in recent years and may do so in the future. Historically, we have not used derivative financial instruments or other financial instruments to hedge those economic exposures. It is possible that fluctuations in exchange rates will have a negative effect on our results of operations.

U.S. credit markets may impact our ability to obtain financing or increase the cost of future financing, including, in the event we obtain financing with a variable interest rate, interest rate fluctuations based on macroeconomic conditions that are beyond our control.

As of September 30, 2014, we had approximately $408.0 million of total principal indebtedness consisting of $400.0 million of Notes issued May 10, 2010 and March 16, 2011 and due May 15, 2017 and our revolving credit facility, with an outstanding balance of $8.0 million. In addition to the $8.0 million outstanding under our revolving credit facility, there is $0.1 million of accrued interest and an $8.8 million unfunded Standby Letter of Credit as of September 30, 2014. As of September 30, 2014, our revolving credit facility had $30.6 million of remaining availability. In June 2014, we amended our revolving credit facility to increase the size from $42.5 million to $50.0 million. During periods of volatility and disruption in the U.S., European, or global credit markets, obtaining additional or replacement financing may be more difficult and the cost of issuing new debt or replacing our revolving credit facility could be higher than under our current revolving credit facility. Higher cost of new debt may limit our ability to have cash on hand for working capital, capital expenditures and acquisitions on terms that are acceptable to us. Additionally, our revolving credit facility has a variable interest rate. By its nature, a variable interest rate will move up or down based on changes in the economy and other factors, all of which are beyond our control. If interest rates increase, our interest expense could increase, affecting earnings and reducing cash flows available for working capital, capital expenditures and acquisitions.

Our business depends on the continued effectiveness and availability of our information technology infrastructure, and failures of this infrastructure could harm our operations.

To remain competitive in our industry, we must employ information technologies to support manufacturing processes, quality processes, distribution, R&D and regulatory applications and that capture, manage and analyze the large streams of data generated in our clinical trials in compliance with applicable regulatory requirements. We rely extensively on technology, some of which is managed by third-party service providers, to allow the concurrent conduct of work sharing around the world. As with all information technology, our equipment and infrastructure age and become subject to increasing maintenance and repair and our systems generally are vulnerable to potential damage or interruptions from fires, natural disasters, power outages, blackouts, machinery breakdown, telecommunications failures and other unexpected events, as well as to break-ins, sabotage, increasingly sophisticated intentional acts of vandalism or cyber threats. As these threats continue to evolve, we may be required to expend additional resources to enhance our information security measures or to investigate and remediate any information security vulnerabilities. Given the extensive reliance of our business on technology, any substantial disruption or resulting loss of data that is not avoided or corrected by our backup measures could harm our business, operations and financial condition.

Item 4. Mine Safety Disclosures.

None.

Item 6. Exhibits

10.1*	Amendment to Amended and Restated Credit Agreement, dated June 24, 2014, by and among Lantheus Medical Imaging, Inc., Lantheus MI Intermediate, Inc., Lantheus MI Real Estate, LLC, the lenders from time to time party thereto, and Wells Fargo Bank, National Association, as collateral agent and administrative agent and as sole lead arranger, back runner and syndication agent.
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: November 12, 2014

LANTHEUS MEDICAL IMAGING, INC.

By: /s/ JOHN BAKEWELL
Name: John Bakewell
Title: *Chief Financial Officer*
Date: November 12, 2014

EXHIBIT INDEX

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* Filed herewith.

Exhibit 10.1

AMENDMENT NUMBER ONE TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT NUMBER ONE TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of June 24, 2014, is entered into by and among **LANTHEUS MI INTERMEDIATE, INC.**, a Delaware corporation (the "Parent"), **LANTHEUS MEDICAL IMAGING, INC.**, a Delaware corporation (the "Borrower"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, each individually, a "Lender", and collectively, the "Lenders"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto (together with the Parent, each a "Guarantor" and individually and collectively, jointly and severally, the "Guarantors"; Borrower and Guarantors, each a "Loan Party" and individually and collectively, jointly and severally, the "Loan Parties"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, in its capacity as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, if any, the "Collateral Agent") and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, if any, the "Administrative Agent"), and in light of the following:

W I T N E S S E T H

WHEREAS, Loan Parties, Lenders, Agents, and the other parties signatory thereto are parties to that certain Amended and Restated Credit Agreement, dated as of July 3, 2013 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, Loan Parties have requested that Agents and Lenders make certain amendments to the Credit Agreement;

WHEREAS, upon the terms and conditions set forth herein, Agents and Lenders are willing to make certain amendments to the Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. All initially capitalized terms used herein (including the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Credit Agreement.

2. Amendments to Credit Agreement. Subject to the satisfaction (or waiver in writing by Agent) of the conditions precedent set forth in Section 3 hereof, the Credit Agreement shall be amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by amending and restating or adding (as the case may be) each of the following defined terms in their entirety:

"Applicable Margin" means, for any day, (a) with respect to any Reference Rate Loan, 1.00%, and (b) with respect to any LIBOR Rate Loan, 2.00%.

"Change of Control" means each occurrence of any of the following:

(a) prior to a Qualifying IPO, the Sponsor shall cease to beneficially and of record own and control, directly or indirectly, at least 51% on a fully diluted basis of the aggregate ordinary voting power of the Capital Stock of the Parent;

(b) on or after a Qualifying IPO, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person and its subsidiaries and any person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), shall have acquired beneficial ownership, directly or indirectly, of the Capital Stock of Parent representing the greater of (i) 35% or more on a fully diluted basis of the aggregate ordinary voting power of the Capital Stock of the Parent, and (ii) a percentage equal to or greater than the percentage owned and controlled by Sponsor on such date on a fully diluted basis of the aggregate ordinary voting power of the Capital Stock of the Parent;

(c) the Parent shall cease to beneficially and of record own and control 100% on a fully diluted basis of the economic and voting interests in the Capital Stock of the Borrower;

(d) the Parent shall cease to have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of 100% of the aggregate voting power of the Capital Stock of each other Loan Party, free and clear of all Liens (other than any Liens granted hereunder and Permitted Liens), except for any shares of Capital Stock of a Foreign Subsidiary issued to directors to qualify such directors if so required by applicable law and as otherwise expressly permitted herein; or

(e) the occurrence of any "Change of Control" as defined under the Senior Note Documents.

"Commitment Fee Rate" means 0.375% per annum.

"Excluded Contribution" has the meaning specified therefor in the Senior Note Indenture.

"Inventory Threshold" means, as of any date of determination, the greater of (a) $20,000,000, and (b) the lesser of (i) $22,500,000, and (ii) the sum of (y) $20,000,000, plus (z) the aggregate amount of M&E Depreciation Amounts that have resulted in a reduction to the amount set forth in clause (a) of the definition of M&E Component since the Effective Date.

"Public Company Costs" means (a) costs, expenses and disbursements associated with, related to or incurred in anticipation of, or preparation for compliance with (x) the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, (y) the provisions of the Securities Act and the Exchange Act, as applicable to companies with equity or debt securities held by the public, and (z) the rules of national securities exchange companies with listed equity or debt securities, (b) costs and expenses associated with investor relations, shareholder meetings and reports to shareholders or debtholders and listing fees, and (c) directors' and officers' compensation, fees, indemnification, expense reimbursement (including legal and other professional fees, expenses and disbursements), and insurance.

(b) The definition of "Consolidated EBITDA" in Section 1.01 of the Credit Agreement is hereby amended by (i) adding the parenthetical "(including, without limitation, any such fees and expenses payable pursuant to the early termination of the Management Services Agreement)" at the end of subclause (a)(i)(H) thereof before the comma (","), and (ii) deleting the "and" at the end of clause (a)(i)(L) thereof and adding the following new clause (a)(i)(N) immediately after clause (a)(i)(M) thereof:

and (N) Public Company Costs,

(c) Sections 3.01(a)(i) and 3.01(a)(ii) of the Credit Agreement are hereby amended and restated in their entirety as follows:

(i) shall specify (A) the amount of such Letter of Credit, (B) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (C) the proposed expiration date of such Letter of Credit, (D) the name and address of the beneficiary of the Letter of Credit, and (E) such other information (including, the conditions to drawing, and, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit, (ii) if any Senior Notes are outstanding, shall be accompanied by a certification with respect to such Letter of Credit that is in the form of the certification contained in the second to last paragraph of Exhibit D (but replacing each reference to "Proposed Revolving Loan" with "proposed Letter of Credit"), and (iii) shall be accompanied by such Issuer Documents as the L/C Issuer may request or require, to the extent that such requests or requirements are consistent with the Issuer Documents that L/C Issuer generally requests for Letters of Credit in similar circumstances. L/C Issuer's records of the content of any such request will be conclusive absent manifest error.

(d) Section 5.02 of the Credit Agreement is hereby amended by adding the following new clause (d):

(d) Senior Notes Documents.

(i) If any Senior Notes are outstanding, the making of such Revolving Loan or the issuance of such Letter of Credit to Borrower shall not result in Borrower or any Guarantor being in breach of, or out of compliance with, Section 10.10 or Section 10.11 of the Senior Note Indenture.

(ii) If any Senior Notes are outstanding, if the making of such Revolving Loan or the issuance of such Letter of Credit would cause the aggregate outstanding amount of the Revolving Loans and the outstanding Letter of Credit Obligations to exceed $42,500,000, (A) such excess amount of Indebtedness is permitted under a provision of Section 10.10 of the Senior Note Indenture other than Section 10.10(1), (B) the Lien securing such excess amount of Indebtedness constitutes a "Permitted Lien" under, and as defined in, the Senior Note Indenture other than a "Permitted Lien" under clause (19) of the definition of "Permitted Liens" set forth in the Senior Note Indenture, and (C) after giving effect to the incurrence of such excess amount of Indebtedness, Borrower would be able to incur an additional $3,000,000 of secured Indebtedness under the Loan Documents under a provision of Section 10.10 of the Senior Note Indenture other than Section 10.10(1) and under a clause of the definition of "Permitted Liens" set forth in the Senior Note other than clause (19) of the definition of "Permitted Liens" set forth in the Senior Note Indenture.

(e) Section 7.02(b) of the Credit Agreement is hereby amended by adding the following sentence at the end thereof:

Permit any Indebtedness of Parent or its Subsidiaries to utilize the basket set forth in Section 10.10(1) of the Senior Note Indenture other than Revolving Loans and Letter of Credit Obligations.

(f) Section 7.02(c) of the Credit Agreement is hereby amended by (i) deleting the phrase "the Borrower is the surviving Person in the case of any merger or consolidation involving the Borrower, and" from clause (i)(E) thereof, (ii) deleting the period at the end of clause (ii)(L) thereof and replacing it with "; and", and (iii) adding the following new clause (iii) at the end thereof:

(iii) Parent may merge with and into Ultimate Parent, so long as (A) Parent gives the Agents at least 3 Business Days' prior written notice of such merger, (B) no Default or Event of Default shall have occurred and be continuing either before or after giving effect to such transaction, (C) the Agents' and Lender's rights in any Collateral (including the Capital Stock of Borrower), including, without limitation, the existence, perfection, and priority of any Lien thereon, are not adversely affected by such merger, (E) if Ultimate Parent is the surviving Person of such merger, Ultimate Parent is joined as a Loan Party hereunder and becomes a party to a Guaranty and a Security Agreement (pursuant to which the Capital Stock of Borrower and any other Subsidiary of Ultimate Parent is pledged to Collateral Agent), in each case, which is in full force and effect on the date of and immediately after giving effect to such merger, and (F) if Ultimate Parent is the surviving Person of such merger, after the consummation of such merger, each reference in the Credit Agreement and the other Loan Documents to "Parent" shall be deemed to be a reference to "Ultimate Parent".

(g) Section 7.02(h) of the Credit Agreement is hereby amended by (i) amending and restating clause (A)(4) thereof as follows: (4) to pay Public Company Costs or any other amounts required for the Parent, the Ultimate Parent, or any direct or indirect parent thereof that is a holding company solely in respect of the Loan Parties to pay reasonable fees and expenses, other than to Affiliates of the Borrower, directly related to any equity or debt offering of such Person where such transaction would not be prohibited by the terms hereof (whether or not such transaction is successful), (ii) adding the following parenthetical to clause (H) thereof immediately prior to the semi-colon contained therein: (including any fees and actual out-of-pocket indemnities, reimbursements and reasonable expenses payable under the Management Services Agreement (as in effect on the date hereof) as a result of the early termination thereof), (iii) deleting the "and" at the end of clause (I) thereof, (iv) deleting the period at the end of clause (J) thereof and replacing it with ",", and (v) adding the following new clause (K) immediately after clause (J) thereof:

(K) the declaration and payment of dividends on Parent's common Capital Stock (or the payment of dividends to any direct or indirect parent company of Parent to fund a payment of dividends on such company's common Capital Stock), following consummation of the first Qualifying IPO of Parent's common Capital Stock or the common Capital Stock of any direct or indirect parent company of Parent after the Effective Date, of up to 6.00% per annum of the net cash proceeds received by or contributed to Parent in or from any such Qualifying IPO, other than any public sale constituting an Excluded Contribution; provided that (x) no Event of Default exists at the time any such dividend is made, and (y) immediately after giving effect to each such dividend on a pro forma basis, Excess Availability is not less than $25,000,000.

(h) Section 7.02(j) of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (iv) thereof, (ii) deleting the period at the end of clause (v) thereof and replacing it with ", and", and (iii) adding the following new clause (vi) immediately after clause (v) thereof:

(vi) the Borrower may pay any Public Company Costs directly on behalf of Parent or any direct or indirect parent thereof.

(i) Section 7.02(l)(v) of the Credit Agreement is hereby amended by amending and restating such clause in its entirety as follows:

(v) make any voluntary or optional payment, prepayment, redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Subject Indebtedness (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Subordinated Indebtedness

when due), except (A) where (x) no Event of Default exists at the time thereof, and (y) Excess Availability is not less than $25,000,000 after giving effect thereto, or (B) so long as no Event of Default has occurred and is continuing or would result therefrom, on or within 1 year after the date of consummation of any Qualifying IPO, Borrower may redeem or repurchase Senior Notes with the net cash proceeds of such Qualifying IPO; provided that no more than 35% of the aggregate original principal amount of Senior Notes may be redeemed or repurchased in connection with all of such redemptions or repurchases; or

(j) Section 7.02(o) of the Credit Agreement is hereby amended by adding the following text before the period (".") at the end thereof:

, it being agreed that the early termination of the Management Services Agreement is not prohibited under the terms of this Agreement

(k) Section 7.02(p)(iii) of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (D) thereof; and (ii) adding the following new clause (F) immediately after subclause (E) thereof before the semicolon (";"):

and (F) engaging in activities typical for a holding company subject to Section 13 or 15(d) of the Exchange Act and other activities incidental thereto

(l) Section 7.02(p)(iv) of the Credit Agreement is hereby amended by adding "except to the extent expressly permitted pursuant to Section 7.02(c)(iii)" before the comma at the end thereof.

(m) **Exhibit D** to the Credit Agreement is hereby amended by (i) deleting such Exhibit in its entirety, and (ii) inserting the Exhibit D hereto in lieu thereof.

(n) **Exhibit F** to the Credit Agreement is hereby amended by (i) deleting such Exhibit in its entirety, and (ii) inserting the Exhibit F hereto in lieu thereof.

(o) **Schedule 1.01(A)** to the Credit Agreement is hereby amended by (i) deleting such Schedule in its entirety, and (ii) inserting the **Schedule 1.01(A)** attached hereto in lieu thereof.

3. Conditions Precedent to Amendment. The satisfaction (or waiver in writing by Agents) of each of the following shall constitute conditions precedent to the effectiveness of the Amendment (such date being the "Amendment Effective Date"):

(a) Agents shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) The Administrative Agent (or its counsel) shall have received an executed legal opinion, in customary form, of Weil, Gotshal & Manges LLP.

(c) The Administrative Agent (or its counsel) shall have received a certificate of each Loan Party, dated as of the Amendment Effective Date, in form and substance reasonably satisfactory to Administrative Agent, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Loan Party, attaching the documents referred to in Section 3(d)(i), (ii) and (iv) below (or, with respect to clause (ii) of such Section 3(d), certifying that there have been no modifications to the Governing Documents of such Loan Party since the Effective Date), and in the case of the Borrower certifying as to the matters in Sections 3(f), 3(g) and 3(h) below.

(d) The Administrative Agent shall have received (i) a copy of the resolutions of the board of directors or other managers of each Loan Party (or a duly authorized committee thereof) authorizing (A) the execution, delivery, and performance of this Amendment and (B) the extensions of credit contemplated under the Credit Agreement as amended hereby, (ii) the Governing Documents, (iii) long-form good standing certificates, certificates of status, certificates of good standing, or other comparable certificates of each Loan Party, and (iv) signature and incumbency certificates (or other comparable documents evidencing the same) of the Authorized Officers of each Loan Party executing this Amendment.

(e) After giving effect to this Amendment, the representations and warranties contained herein shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof, as though made on and as of such date (except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(f) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against any Loan Party, any Agent, any Lender, or any Secured Party.

(g) No Default or Event of Default shall have occurred and be continuing as of the Amendment Effective Date, nor shall either result from the consummation of the transactions contemplated herein.

(h) Borrower shall pay concurrently with the closing of the transactions evidenced by this Amendment, all costs and expenses then payable pursuant to the Credit Agreement and Section 5 of this Amendment.

(i) Administrative Agent shall have received, in immediately available funds, the Amendment Fee referred to in Section 6 hereof.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to each Agent and each Lender as follows:

(a) It (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except, in the case of this clause (ii), where the failure to be so qualified and in good standing, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of the Borrower, to make the borrowings hereunder, to execute and deliver this Amendment and the other Loan Documents to which it is a party and to consummate the transactions contemplated hereby and thereby.

(b) The execution, delivery, and performance by it of this Amendment and the performance by it of each Loan Document to which it is or will be a party (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Law, or (C) any Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except in the case of clauses (ii)(B), (ii)(C) and (iv) to the extent such could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of this Amendment or any other Loan Document to which it is or will be a party except for (i) consents, authorizations, notices and filings which have been obtained or made and are in full force and effect, (ii) filings to perfect the Liens created by the Loan Documents, and (iii) consents, authorizations, filings, notices or other acts the failure to make or obtain could not reasonably be expected, either individually or in the aggregate, to be adverse in any material respect to the rights or interests of the Agents, the Lenders or the L/C Issuer.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Person that is a party thereto, will be the legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or principles of equity.

(e) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any Governmental Authority against any Loan Party, any Agent, any Lender, or any Secured Party.

(f) No Default or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes a Default or an Event of Default.

(g) The representations and warranties set forth in the Credit Agreement, as amended by this Amendment and after giving effect to this Amendment, and the other Loan Documents to which it is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof, as though made on and as of such date (except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

5. Payment of Costs and Fees. Borrower shall pay to each Agent and each Lender all costs and expenses in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto in accordance with Section 12.04 of the Credit Agreement.

6. Amendment Fee. On or before the date hereof, Borrower shall pay to Administrative Agent, for the ratable benefit of the Lenders party hereto, an amendment fee in the amount of $75,000 ("Amendment Fee") in immediately available funds. Such Amendment Fee shall be fully earned and non-refundable on the date hereof.

7. Mortgage Amendment. Borrower covenants and agrees that on or before the date that is 5 Business Days after the date hereof (or such later date as the Administrative Agent may agree in its sole discretion), the Administrative Agent shall have received an amendment to the Mortgage, duly executed by Lantheus MI Real Estate, LLC ("Real Estate"), and the same shall be in form and substance reasonably satisfactory to the Agents. Borrower further agrees that its or Real Estate's failure to timely comply with the foregoing shall constitute an immediate Event of Default.

8. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE; JUDICIAL REFERENCE; WAIVER OF JURY TRIAL, ETC. THIS AMENDMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING GOVERNING LAW, CONSENT TO JURISDICTION, SERVICE OF PROCESS AND VENUE, JUDICIAL REFERENCE, AND WAIVER OF JURY TRIAL, ETC. SET FORTH IN SECTIONS 12.09, 12.10, AND 12.11 OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

9. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect except in accordance with Section 12.02 of the Credit Agreement.

10. Counterpart Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Effect on Loan Documents.

(a) The Credit Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of any Agent, any Lender, or any Secured Party under the Credit Agreement or any other Loan Document. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. The amendments set forth herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall neither excuse any future non-compliance with the Loan Documents nor operate as a waiver of any Default or Event of Default, shall not operate as a consent to any further waiver, consent or amendment or other matter under the Loan Documents, and shall not be construed as an indication that any future waiver or amendment of covenants or any other provision of the Credit

Agreement will be agreed to, it being understood that the granting or denying of any waiver or amendment which may hereafter be requested by any Loan Party remains in the sole and absolute discretion of Agent and Lenders. To the extent that any terms or provisions of this Amendment conflict with those of the Credit Agreement or the other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

(c) To the extent that any of the terms and conditions in any of the Loan Documents shall contradict or be in conflict with any of the terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

(e) This Amendment shall be subject to the rules of construction set forth in Section 1.02 of the Credit Agreement, and such provisions are incorporated herein by this reference, *mutatis mutandis*.

12. Entire Agreement. This Amendment, and the terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each Loan Party hereby (a) acknowledges and reaffirms its obligations owing to each Agent, each Lender, and each other Secured Party under each Loan Document to which it is a party, and (b) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect. Each Loan Party hereby (i) further ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to Collateral Agent, on behalf and for the benefit of each Secured Party, as collateral security for its obligations under the Loan Documents in accordance with their respective terms, and (ii) acknowledges that all of such Liens and security interests, and all Collateral heretofore pledged as security for such obligations, continue to be and remain collateral for such obligations from and after the date hereof (including, without limitation, from after giving effect to this Amendment). Each Guarantor hereby reaffirms, acknowledges, agrees and confirms that it has granted a perfected security interest in the Collateral pursuant to and in connection with the Security Agreement to Collateral Agent in order to secure all of its present and future Guaranteed Obligations.

15. Ratification. Each Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement and the Loan Documents effective as of the date hereof and as modified hereby. All Obligations (including the Guaranteed Obligations, as applicable) owing by each Loan Party are unconditionally owing by such Loan Party to Agents and the Lenders, without offset, defense, withholding, counterclaim, or deduction of any kind, nature, or description whatsoever.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

17. Guarantors. Although the undersigned Guarantors have been informed of the matters set forth herein and have acknowledged and agreed to same, the undersigned understands that neither Agent nor any Lender has any obligations to inform it of amendments or waivers in the future or to seek their acknowledgment or agreement to future amendments and waivers, and nothing herein shall create such a duty.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

BORROWER:

LANTHEUS MEDICAL IMAGING, INC., a Delaware corporation

By: /s/ Michael Duffy
Name: Michael Duffy
Title: Vice President and Secretary

PARENT and GUARANTOR:

LANTHEUS MI INTERMEDIATE, INC., a Delaware corporation

By: /s/ Michael Duffy
Name: Michael Duffy
Title: Vice President and Secretary

GUARANTOR:

LANTHEUS MI REAL ESTATE, LLC, a Delaware limited liability company

By: /s/ Michael Duffy
Name: Michael Duffy
Title: Vice President and Secretary

COLLATERAL AGENT, ADMINISTRATIVE AGENT, and LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association

By: /s/ Steve Scott
Name: Steve Scott
Its Authorized Signatory

EXHIBIT D

FORM OF NOTICE OF BORROWING

[LETTERHEAD OF THE BORROWER]

[Date]

Wells Fargo Bank, National Association
as the Administrative Agent for the Lenders
party to the Credit Agreement referred to below
2450 Colorado Avenue, Suite 3000 West
Santa Monica, California 90404

Ladies and Gentlemen:

The undersigned, **LANTHEUS MEDICAL IMAGING, INC.**, a Delaware corporation (the "Borrower"), (i) refers to that certain Amended and Restated Credit Agreement, dated as of July 3, 2013 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among **LANTHEUS MI INTERMEDIATE, INC.**, a Delaware corporation (the "Parent"), the Borrower, the "Guarantors" from time to time party thereto, the lenders from time to time party thereto (each a "Lender" and individually and collectively, the "Lenders"), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("Wells Fargo"), as the collateral agent for the benefit of Agents and the other Secured Parties (in such capacity, together with its successors and assigns in such capacity, if any, the "Collateral Agent") and as the administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, if any, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and individually and collectively, the "Agents"), and Wells Fargo, as sole lead arranger, bookrunner, and syndication agent, and (ii) hereby gives you notice pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Loan under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Loan (the "Proposed Revolving Loan") as required by Section 2.02(a) of the Credit Agreement. All initially capitalized terms used herein without definition shall have the meanings ascribed thereto in the Credit Agreement.

(i) The aggregate principal amount of the Proposed Revolving Loan is $_____.[1]

(ii) The borrowing date of the Proposed Revolving Loan is _____ __, 20__.[2]

(iii) The Proposed Revolving Loan is a [Reference Rate Loan] [LIBOR Rate Loan].

(iv) If the Proposed Revolving Loan is a LIBOR Rate Loan, such Proposed Revolving Loan shall have an Interest Period of [one][two][three][six] month(s).

1 Each Revolving Loan shall be made in a minimum amount of $1,000,000 and shall be in an integral multiple of $500,000.
2 This date must be a Business Day.

(v) The proceeds of the Proposed Revolving Loan should be made available to the undersigned by wire transferring such proceeds in accordance with the payment instructions attached hereto as Exhibit A.

[The undersigned certifies that that the making of the Proposed Revolving Loan does not result in Borrower or any Guarantor being breach of, or out of compliance with, Section 10.10 or Section 10.11 of the Senior Note Indenture. The undersigned further certifies that, after giving effect to the Proposed Revolving Loan, the aggregate outstanding amount of the Revolving Loans and the outstanding Letter of Credit Obligations **[does][does not]** exceed $42,500,000. [If, after giving effect to the Proposed Revolving Loan, the aggregate outstanding amount of the Revolving Loans and the outstanding Letter of Credit Obligations exceeds $42,500,000, (a) such excess amount of Indebtedness is permitted under a provision of Section 10.10 of the Senior Note Indenture other than Section 10.10(1) of the Senior Note Indenture, (b) the Lien securing such excess amount of Indebtedness constitutes a "Permitted Lien" under, and as defined in, the Senior Note Indenture other than a "Permitted Lien" under clause (19) of the definition of "Permitted Liens" set forth in the Senior Note Indenture, and (c) after giving effect to the incurrence of such excess amount of Indebtedness, Borrower would be able to incur an additional $3,000,000 of secured Indebtedness under the Loan Documents under a provision of Section 10.10 of the Senior Note Indenture other than Section 10.10(1) and under a clause of the definition of "Permitted Liens" set forth in the Senior Note Indenture other than clause (19) of the definition of "Permitted Liens" set forth in the Senior Note Indenture.][3]][4]

The undersigned certifies that (a) the representations and warranties contained in ARTICLE VI of the Credit Agreement and in each other Loan Document, certificate, financial statement, report or statement of fact delivered to any Agent or any Lender pursuant thereto on or prior to the date of the Proposed Revolving Loan are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), (b) no Default or Event of Default has occurred and is continuing or would result from the making of the Proposed Revolving Loan, (c) after giving effect to the making of the Proposed Revolving Loan, the Total Revolving Exposure does not exceed the Line Cap, and (d) the making of the Proposed Revolving Loan shall not contravene any law, rule or regulation applicable to any Agent, any Lender or the L/C Issuer.

3 Include bracketed language if "does" is chosen in the sentence immediately prior to the bracketed language.

4 Include bracketed language only if any Senior Notes are outstanding.

Very truly yours,

LANTHEUS MEDICAL IMAGING, INC., a Delaware corporation, as the Borrower

By: _____
Name: _____
Title: _____

EXHIBIT A

Payment Instructions

EXHIBIT F

FORM OF BORROWING BASE CERTIFICATE

[See attached]

Schedule 1.01(A) Lenders and Lenders' Revolving Credit Commitments

Lender	Revolving Credit Commitment	Total Commitment
Wells Fargo Bank, National Association	$50,000,000	$50,000,000
All Lenders	$50,000,000	$50,000,000

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: November 12, 2014

/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: November 12, 2014

/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 September 30, 2014 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: November 12, 2014

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

Dated: November 12, 2014

/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.