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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, 2013

☐ **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 1,000 shares of common stock, $0.01 par value per share, issued and outstanding as of November 11, 2013.

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 Loss
(unaudited, in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
Net product revenues	$ 67,253	$ 71,163	$ 202,961	$ 207,839
License and other revenues	3,132	2,582	9,043	8,018
Total revenues	70,385	73,745	212,004	215,857
Cost of goods sold	46,664	65,114	144,524	166,275
Loss on firm purchase commitment	—	1,859	—	1,859
Total cost of goods sold	46,664	66,973	144,524	168,134
Gross profit	23,721	6,772	67,480	47,723
Operating expenses				
General and administrative expenses	7,132	7,801	25,678	24,760
Sales and marketing expenses	8,476	9,257	27,266	28,165
Research and development expenses	5,893	10,511	25,428	31,282
Impairment of land	6,788	—	6,788	—
Proceeds from manufacturer	—	(800)	—	(34,614)
Total operating expenses	28,289	26,769	85,160	49,593
Operating loss	(4,568)	(19,997)	(17,680)	(1,870)
Interest expense, net	(11,035)	(10,464)	(32,323)	(31,277)
Other income (expense), net	260	(834)	894	(248)
Loss before income taxes	(15,343)	(31,295)	(49,109)	(33,395)
Provision (benefit) for income taxes	(279)	(2,574)	267	(944)
Net loss	(15,064)	(28,721)	(49,376)	(32,451)
Foreign currency translation, net of taxes	417	1,021	(1,176)	1,199
Total comprehensive loss	$ (14,647)	$ (27,700)	$ (50,552)	$ (31,252)

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, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 20,862	$ 31,595
Accounts receivable, net of allowance of $383 and $301	37,587	41,380
Inventory	17,037	18,048
Income tax receivable	437	736
Deferred tax assets	27	115
Other current assets	3,462	2,943
Total current assets	79,412	94,817
Property, plant and equipment, net	98,732	109,573
Capitalized software development costs, net	1,213	2,234
Intangibles, net	54,766	66,802
Goodwill	15,714	15,714
Deferred financing costs	10,194	11,372
Other long-term assets	22,994	22,414
Total assets	$ 283,025	$ 322,926
Liabilities and Stockholder's Deficit		
Current liabilities		
Line of credit	$ 8,000	$ —
Accounts payable	19,471	18,945
Accrued expenses and other liabilities	34,511	29,689
Note payable	119	—
Deferred revenue	3,848	7,320
Total current liabilities	65,949	55,954
Asset retirement obligation	6,219	5,416
Long-term debt, net	398,984	398,822
Deferred tax liability	22	435
Other long-term liabilities	35,910	36,652
Total liabilities	507,084	497,279
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	(1,242)	(1,353)
Additional paid-in capital	3,060	2,325
Accumulated deficit	(226,036)	(176,660)
Accumulated other comprehensive income	159	1,335
Total stockholder's deficit	(224,059)	(174,353)
Total liabilities and stockholder's deficit	$ 283,025	$ 322,926

See notes to unaudited condensed consolidated financial statements.

Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Stockholder's Deficit

(unaudited, in thousands, except share data)

	Common Stock Shares	Common Stock Amount	Due from Parent	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholder's Deficit
Balance at January 1, 2012	1	$ —	$ —	$ 1,085	$ (134,659)	$ 371	$ (133,203)
Net loss	—	—	—	—	(42,001)	—	(42,001)
Due from parent (See Note 14)	—	—	(1,353)	—	—	—	(1,353)
Foreign currency translation	—	—	—	—	—	964	964
Stock-based compensation	—	—	—	1,240	—	—	1,240
Balance at December 31, 2012	1	—	(1,353)	2,325	(176,660)	1,335	(174,353)
Net loss	—	—	—	—	(49,376)	—	(49,376)
Payments from parent	—	—	111	—	—	—	111
Foreign currency translation	—	—	—	—	—	(1,176)	(1,176)
Stock-based compensation	—	—	—	735	—	—	735
Balance at September 30, 2013	1	$ —	$(1,242)	$ 3,060	$ (226,036)	$ 159	$ (224,059)

See notes to unaudited condensed consolidated financial statements.

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Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Cash Flows

(unaudited, in thousands)

	For the Nine Months Ended September 30, 2013	2012
Cash flow from operating activities		
Net loss	$ (49,376)	$ (32,451)
Adjustments to reconcile net loss to cash flow from operating activities		
Depreciation and amortization	21,694	22,286
Provision for excess and obsolete inventory	2,488	12,396
Impairment of land	6,788	—
Impairment of customer relationship intangible asset	1,034	—
Stock-based compensation	735	1,066
Deferred income taxes	(315)	(136)
Loss on firm purchase commitment	—	1,859
Other	267	880
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	3,864	(1,747)
Other current assets	1,443	785
Inventory	(1,871)	(2,324)
Income taxes	299	(2,637)
Deferred revenue	(4,088)	1,734
Accounts payable	556	2,574
Accrued expenses and other liabilities	4,660	17,926
Cash (used in) provided by operating activities	(11,822)	22,211
Cash flows from investing activities		
Capital expenditures	(3,711)	(4,900)
Purchase of certificate of deposit	—	(225)
Cash used in investing activities	(3,711)	(5,125)
Cash flows from financing activities		
Payments on note payable	(1,174)	(1,375)
Proceeds from line of credit	8,000	—
Deferred financing costs	(1,188)	(198)
Payments from parent	111	44
Cash provided by (used in) financing activities	5,749	(1,529)
Effect of foreign exchange rate on cash	(949)	680
(Decrease) increase in cash and cash equivalents	(10,733)	16,237
Cash and cash equivalents, beginning of period	31,595	40,607
Cash and cash equivalents, end of period	$ 20,862	$ 56,844
Supplemental disclosure of cash flow information		
Interest paid	$ 19,639	$ 19,520
Income taxes (refunded) paid, net	$ (30)	$ 1,346
Noncash investing and financing activities		
Property, plant and equipment included in accounts payable and accrued expenses and other liabilities	$ 809	$ 1,464

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 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 manufactures, markets, sells and distributes medical imaging products globally with operations in the United States, Puerto Rico, Canada and Australia and distribution relationships in Europe, Asia Pacific and Latin America. The Company provides medical imaging products, primarily focused on cardiovascular diagnostic imaging, to nuclear physicians, cardiologists, radiologists, internal medicine physicians, independent delivery networks, group purchasing organizations and technologists/sonographers working in a variety of clinical settings.

The Company's principal products include:

- DEFINITY—an ultrasound contrast agent;
- TechneLite—a generator that provides the radioisotope used to radiolabel Cardiolite and other radiopharmaceuticals;
- Cardiolite—a myocardial perfusion imaging agent; and
- Xenon—a radiopharmaceutical inhaled gas to assess pulmonary function and evaluate blood flow, particularly in the lungs.

In the U.S., the Company's nuclear imaging products are primarily distributed through radiopharmacy chains, with a small portion of the sales of these products also made to hospitals and clinics that maintain their own in-house radiopharmacies. In the U.S., sales of the Company's contrast agents are made through a direct sales force. Outside of the U.S., the Company owns five radiopharmacies in Canada and two radiopharmacies in each of Puerto Rico and Australia. The Company also maintains a direct sales force in each of these countries. In the rest of the world, the Company relies on third-party distributors to sell both nuclear imaging and contrast agent 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 ("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

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

1. Business Overview (Continued)

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 ("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, 2012 ("2012 Form 10-K"). The Company's accounting policies are described in the "Notes to Consolidated Financial Statements" in the 2012 Form 10-K and updated, as necessary, in this Form 10-Q. There were no changes to the Company's accounting policies since December 31, 2012. 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, 2013 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Recent Events

The Company generated a net loss of $49.4 million during the nine months ended September 30, 2013 and had an accumulated deficit of $226.0 million at September 30, 2013. The Company currently relies on Ben Venue Laboratories ("BVL") as one of two manufacturers of DEFINITY and Cardiolite products and its sole source manufacturer of Neurolite. In July 2010, BVL temporarily shut down the facility in which it manufactures products for a number of customers, including the Company, in order to upgrade the facility to meet certain regulatory requirements. BVL resumed manufacturing DEFINITY in the second quarter of 2012 and released product to the Company at the end of the second quarter of 2012. BVL also resumed manufacturing Cardiolite products in the second quarter of 2012 and Neurolite in the third quarter of 2013.

The Company continues to expedite a number of its technology transfer programs to secure and qualify production of its BVL-manufactured products with alternate contract manufacturer sites. In February 2013, the FDA informed the Company that the Jubilant HollisterStier ("JHS") facility was approved to manufacture DEFINITY, and the Company is now shipping JHS-manufactured DEFINITY to customers. The Company also has on-going technology transfer activities at JHS for its Cardiolite product supply and Neurolite but is not certain as to when that technology transfer will be completed and when the Company will actually receive supply of Cardiolite products and Neurolite from JHS. In the meantime, the Company also has an alternate manufacturer for a portion of its Cardiolite sales demand. The Company is also pursuing new manufacturing relationships to establish and secure additional long-term or alternative suppliers of its key products. For example, on November 12, 2013, the Company signed a five-year agreement with Pharmalucence, Inc. to become an additional supplier of DEFINITY. The Company is uncertain of the timing as to when any new supply arrangements would provide meaningful quantities of products to the Company.

On October 3, 2013, BVL announced that it was ceasing to manufacture further new batches of the Company's products in its Bedford, Ohio facility. The Company believes that it should have sufficient product inventory of DEFINITY manufactured at JHS and Cardiolite products manufactured at its alternative manufacturer until all technology transfer programs and all necessary U.S. and international regulatory approvals for the products have been obtained. Depending upon the timing of certain international regulatory approvals in connection with the manufacture of Neurolite at JHS, Neurolite may not be available in some international markets in the latter half of 2014 until such international regulatory approvals can be obtained.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

1. Business Overview (Continued)

During the three and nine months ended September 30, 2012, the Company received $0.8 million and $34.6 million, respectively, from BVL to compensate the Company for its business losses associated with the lack of product supply during the outage pursuant to a settlement agreement and a transition services agreement. These payments are included within operating loss as proceeds from manufacturer in the accompanying statement of comprehensive loss. During the second quarter of 2013, the Company received $0.9 million from BVL to compensate the Company for the cost of low yield and failed batches of DEFINITY and Cardiolite under a manufacturing and service contract. This payment is included within cost of goods sold in the statement of comprehensive loss for the nine months ended September 30, 2013. The Company continues to experience losses as a result of the prolonged supply disruption from BVL.

On July 3, 2013, LMI, Lantheus Intermediate and Lantheus MI Real Estate, LLC ("Lantheus Real Estate") entered into an amended and restated revolving credit facility (the "New Facility") which replaced the previous facility (the "Old Facility"), the terms of which New Facility are more fully described in Note 10. Borrowing capacity under the New 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 (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, 2013, the aggregate borrowing base was approximately $37.0 million, which was reduced by (i) an outstanding $8.8 million unfunded Standby Letter of Credit and (ii) an $8.0 million outstanding loan balance, resulting in a net borrowing base availability of approximately $20.2 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 will fund its research and development ("R&D") programs. The Company is reducing its internal R&D resources during 2013, while at the same time seeking to engage one or more strategic partners to assist in the further development and commercialization of its development candidates, including flurpiridaz F 18, 18F LMI 1195 and LMI 1174. The Company has completed its 301 trial forflurpiridaz F 18 with internal funding and is currently analyzing the data from the trial. The Company will seek to engage strategic partners to assist with the further development and possible commercialization of the agent. For the other two development candidates, 18F LMI 1195 and LMI 1174, the Company will also seek 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 the existing cash and cash equivalents, results of operations and availability under the New Facility will be sufficient to continue to fund the Company's liquidity requirements for at least the next twelve months.

The Company is currently completing its annual strategic planning process, which is expected to be completed during the fourth quarter of 2013. The resulting forecast and its key assumptions, including those related to asset utilization, could result in triggering events in which certain long-lived assets and intangible assets would be assessed for recoverability. If a triggering event is identified, the Company will assess the long-lived assets or intangible assets for potential impairment.

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

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

1. Business Overview (Continued)

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 and intangible asset valuation, fixed 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.

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 earned (and revenue is recognized) as the products and/or services are delivered and performed over the term of the arrangement.

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 indications of goodwill impairment as of October 31 of each year. All goodwill has been allocated to the U.S. operating segment.

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 development candidates. 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, 2013 and December 31, 2012 that triggered an interimimpairment test of goodwill.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

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, 2013 and December 31, 2012, 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, 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	$ 2,130	$ 2,130	$ —	$ —
Certificates of deposit—restricted	325	—	325	—
Total	$ 2,455	$ 2,130	$ 325	$ —

December 31, 2012 (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	$ 2,004	$ 2,004	$ —	$ —
Certificates of deposit—restricted	328	—	328	—
Total	$ 2,332	$ 2,004	$ 328	$ —

At both September 30, 2013 and December 31, 2012, the Company has a $0.2 million certificate of deposit for which the Company's use of such cash is restricted and is included in the line item "Certificates of deposit—restricted" above. This investment is classified in other current assets on the condensed consolidated balance sheet. The remaining $0.1 million at both September 30, 2013 and December 31, 2012 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, 2013, the Company had total cash and cash equivalents of $20.9 million, which included approximately $2.1 million of money market funds and $18.8 million of cash on-hand. At

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

3. Fair Value of Financial Instruments (Continued)

December 31, 2012, the Company had total cash and cash equivalents of $31.6 million, which included approximately $2.0 million of money market funds and $29.6 million of cash on-hand.

The estimated fair values of the Company's financial instruments, including its cash and cash equivalents, receivables, accounts payable, accrued expenses, line of credit and note payable approximate the carrying values of these instruments due to their short term nature. The estimated fair value of the debt at September 30, 2013, based on Level 2 inputs of recent market activity available to the Company, was $356.0 million compared to the face value of $400.0 million. At December 31, 2012, the estimated fair value of the debt was $380.0 million compared to the face value of $400.0 million.

The table below presents information about the Company's assets and liabilities that are measured at fair value on a nonrecurring basis as of September 30, 2013 due to the remeasurement of assets resulting in impairment charges.

September 30, 2013 (in thousands)	Total fair value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Customer relationships	$ 737	$ —	$ —	$ 737
Total	$ 737	$ —	$ —	$ 737

During the third quarter of 2013, the Company recorded an impairment charge of $6.8 million to write down the carrying value of excess land held for sale in the U.S. segment to its fair value, less estimated costs to sell. See Note 6 for further discussion regarding the impairment charge. The fair value of land held for sale was determined using Level 3 inputs and was estimated 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. Unobservable inputs obtained from third parties are adjusted as necessary for the condition and attributes of the specific asset.

During the third quarter of 2013, the Company recorded an impairment charge of $1.0 million to write down the carrying value of acquired customer relationship intangible assets in the International segment to its fair value. See Note 8 for further discussion regarding the impairment charge. The determination of the acquired customer relationship intangible assets impairment charge was based on Level 3 measurements under the fair value hierarchy. The Company utilized an income approach to calculate the discounted cash flows that would be generated by its remaining customer base. The unobservable inputs utilized by the Company included management's assumptions regarding future revenues and profitability from the remaining customers and a discount rate of 15%.

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 $0.3 million and a provision of $0.3 million for the three and nine months ended September 30, 2013, respectively, compared to a tax benefit of $2.6 million and $0.9 million for the three and nine months ended September 30, 2012, respectively.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

4. Income Taxes (Continued)

In connection with the Company's acquisition of the medical imaging business from Bristol-Myers Squibb Company ("BMS") in 2008, the Company obtained a tax indemnification agreement with BMS related to certain tax obligations arising prior to the acquisition of the Company, for which the Company has the primary legal obligation. The tax indemnification receivable is recognized within other long-term assets. The changes in the tax indemnification asset are recognized within other income, net in the condensed consolidated statement of comprehensive 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 income (expense). 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.

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. The statute of limitations for the year ended December 31, 2008 U.S. tax return expired during the period ended September 30, 2012. As a result, the Company recognized the benefit associated with the reversal of uncertain tax positions of $1.3 million and taxes payable of $2.3 million in the three and nine months ended September 30, 2012. 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, 2013	December 31, 2012
Raw materials	$ 7,583	$ 7,573
Work in process	5,212	5,019
Finished goods	4,242	5,456
Inventory	17,037	18,048
Other long-term assets	2,533	2,090
Total	$ 19,570	$ 20,138

At September 30, 2013, inventories reported as other long-term assets included $2.5 million of raw materials. At December 31, 2012, inventories reported as other long-term assets included $1.5 million of raw materials and $0.6 million of finished goods.

The Company's Ablavar product was commercially launched in January 2010. The revenues for this product through September 30, 2013 have not been significant. At September 30, 2013 and December 31, 2012, the balances of inventory on-hand reflect approximately $3.4 million and

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

5. Inventory (Continued)

$2.8 million, respectively, of finished products and raw materials related to Ablavar. LMI has an agreement with a supplier to provide Active Pharmaceutical Ingredient and finished products for Ablavar under which LMI is required to purchase future minimum quantities through September 30, 2014. At September 30, 2013, $3.7 million is included in accounts payable and the remaining future purchase commitment under the agreement is approximately $1.8 million. The Company has a contract loss reserve of $1.3 million and $7.5 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 at September 30, 2013 and December 31, 2012, respectively. The Company records the inventory when it takes delivery, at which time the Company assumes title and risk of loss.

Prior to the issuance of the September 30, 2012 financial statements, the Company implemented a realignment and reduction in the sales force dedicated to Ablavar. The Company performed an analysis of expected future sales of its Ablavar product, based on an updated sales forecast reflecting the reduction in sales force personnel dedicated to Ablavar, and recorded in the third quarter of 2012 to cost of goods sold an inventory write-down of $10.6 million and a reserve of $1.9 million associated with the portion of the committed purchases of Ablavar product that the Company did not believe it would sell prior to expiry.

In 2013, the Company transitioned the sales and marketing efforts for Ablavar from its direct sales force to the Company's customer service team in order to allow the direct sales force to drive DEFINITY growth following the Company's recent supply challenges. In the event that the Company does not meet its revised sales expectations for Ablavar or cannot sell the product it has committed to purchase prior to its expiration, the Company could incur additional inventory write-downs and/or losses on its purchase commitments.

6. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

(in thousands)	September 30, 2013	December 31, 2012
Land	$ 14,950	$ 22,450
Buildings	65,553	64,649
Machinery, equipment and fixtures	65,413	63,503
Construction in progress	7,423	7,331
Accumulated depreciation	(54,607)	(48,360)
Property, plant and equipment, net	$ 98,732	$ 109,573

Depreciation expense related to property, plant and equipment was $2.3 million and $7.1 million, respectively, for the three and nine months ended September 30, 2013, as compared to $2.4 million and $7.2 million, respectively, for the three and nine months ended September 30, 2012.

Included within machinery, equipment and fixtures are spare parts of approximately $2.6 million and $2.7 million, respectively, at September 30, 2013 and December 31, 2012. 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.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

6. Property, Plant and Equipment, net (Continued)

The Company tests 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. The Company measures 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 such 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. In the second and third quarters of 2013, the Company reviewed certain long-lived assets, associated with U.S. and international operations, for recoverability and the analysis indicated that there was no impairment as of June 30, 2013 and September 30, 2013. The Company also evaluated the remaining useful lives of long-lived assets that were tested for recoverability at June 30, 2013 and September 30, 2013 and determined no revisions were required to the remaining periods of depreciation.

Fixed assets dedicated to R&D activities, which were impacted by the recent R&D strategic shift, have a carrying value of $6.6 million as of September 30, 2013. 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, which is classified in other current assets on the condensed consolidated balance sheet. 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 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.

On November 8, 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 fair value of a liability for asset retirement obligations is recognized in the period in which the liability is incurred. The liability is measured at the present value of the obligation when incurred 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.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

7. Asset Retirement Obligations (Continued)

The following is a reconciliation of the Company's asset retirement obligations for the nine months ended September 30, 2013:

(in thousands)	
Balance at January 1, 2013	$ 5,416
Net increase due to changes in estimated future cash flows	341
Accretion expense	462
Balance at September 30, 2013	$ 6,219

8. Intangibles, net

Intangibles, net consisted of the following:

	September 30, 2013				
(in thousands)	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortization Method
Trademarks	$ 53,390	$ 25,967	$ 27,423	8 years	Straight-line
Customer relationships	107,427	83,169	24,258	19 years	Accelerated
Other patents	42,780	39,695	3,085	2 years	Straight-line
	$ 203,597	$ 148,831	$ 54,766		

	December 31, 2012				
(in thousands)	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortization Method
Trademarks	$ 53,390	$ 20,743	$ 32,647	8 years	Straight-line
Customer relationships	114,000	83,385	30,615	19 years	Accelerated
Other patents	42,780	39,240	3,540	2 years	Straight-line
	$ 210,170	$ 143,368	$ 66,802		

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 loss for the three and nine months

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

8. Intangibles, net (Continued)

ended September 30, 2013. The Company also evaluated the remaining useful life of its acquired customer relationship intangible assets and revised its estimate to five years on a prospective basis at September 30, 2013.

The Company continues to monitor the recoverability of the $20.8 million branded Cardiolite trademark intangible asset due to the ongoing generic competition based on actual results and existing estimates of future undiscounted cash flows associated with the branded Cardiolite product. As of September 30, 2013, the Company tested this intangible asset for recoverability and concluded this intangible asset was recoverable by a narrow margin.

For the three and nine months ended September 30, 2013, the Company recorded amortization expense for its intangible assets of $3.6 million and $10.8 million, respectively, as compared to $4.0 million and $12.1 million, respectively, for the prior year comparative periods.

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

(in thousands)	
Remainder of 2013	$ 3,525
2014	12,943
2015	11,346
2016	10,655
2017	3,688
2018 and thereafter	12,609
	$ 54,766

9. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are comprised of the following:

(in thousands)	September 30, 2013	December 31, 2012
Compensation and benefits	$ 8,710	$ 5,351
Accrued interest	14,650	5,040
Accrued professional fees	1,024	1,628
Research and development services	1,857	3,205
Freight, distribution and operations	2,748	3,633
Accrued loss on firm purchase commitment	1,315	7,469
Marketing expense	961	1,168
Accrued rebates, discounts and chargebacks	1,626	1,542
Accrued severance	1,176	—
Other	444	653
	$ 34,511	$ 29,689

As of September 30, 2013 and December 31, 2012, the Company has a contract loss reserve of $1.3 million and $7.5 million, respectively, associated with the portion of the committed purchases of

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

9. Accrued Expenses and Other Liabilities (Continued)

Ablavar product from the Company's supplier that the Company did not believe it would sell prior to expiry.

During March 2013, the Company took additional actions to reduce its workforce, which resulted in a $2.7 million charge to the condensed consolidated statement of comprehensive loss for severance expense during the first quarter of 2013. At September 30, 2013, $0.8 million associated with these actions is included in accrued severance.

10. Financing Arrangements

Senior Notes

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

Revolving Line of Credit

As of December 31, 2012, LMI had outstanding the Old Facility with an aggregate principal amount not to exceed $42.5 million and an interest rate of LIBOR plus 3.75% or the Reference Rate (as defined in the agreement) plus 2.75%. The Old Facility also contained an unused line of credit fee of 0.75%, which was payable quarterly. At December 31, 2012, there was no outstanding balance under the Old Facility, other than the $8.8 million unfunded Standby Letter of Credit, and the aggregate borrowing capacity was $33.7 million. On July 3, 2013, LMI, Lantheus Intermediate and Lantheus Real Estate entered into the New Facility which replaced the Old Facility.

As of September 30, 2013, LMI has a New Facility with an aggregate principal amount not to exceed $42.5 million. The revolving loans under the New Facility bear interest subject to a pricing grid based on average historical excess availability under the New Facility, with pricing based from time to time at the election of the Company at (i) LIBOR plus a spread ranging from 2.00% to 2.50% or (ii) the Reference Rate (as defined in the agreement) plus a spread ranging from 1.00% to 1.50%. The New Facility also includes an unused line fee of 0.375% or 0.5%, depending on the average unused revolving credit commitments. The New 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.

On August 6, 2013, the Company transferred the $8.8 million unfunded Standby Letter of Credit, which expires on February 3, 2014, to the new lender. The unfunded Standby Letter of Credit bears interest at an annual rate between 2.00% and 2.50%, which is payable quarterly, and is automatically renewed for a one year period at each anniversary date, unless the Company elects not to renew in writing within 60 days prior to such expiration.

The New 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 (i) a percentage of certain eligible accounts receivable, inventory and machinery and equipment minus (ii) any reserves. As of September 30, 2013, the aggregate borrowing base was approximately $37.0 million, which was

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

10. Financing Arrangements (Continued)

reduced by (i) an outstanding $8.8 million unfunded Standby Letter of Credit and (ii) an $8.0 million outstanding loan balance, resulting in a net borrowing base availability of approximately $20.2 million.

The New Facility contains affirmative and negative covenants, as well as restrictions on the ability of the Company and its 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 its assets; and (viii) enter into certain transactions with its affiliates. The New Facility also contains customary default provisions as well as cash dominion provisions which allow the lender to sweep its accounts during the period certain specified events of default are continuing under the New Facility or excess availability under the New 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 cash dominion period, the Company is required to comply with a consolidated fixed charge coverage ratio of not less than 1:00:1:00. The fixed charge coverage ratio is calculated on a consolidated basis for Lantheus Intermediate and its subsidiaries for a trailing four-fiscal quarter period basis, as (i) EBITDA 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.

In connection with the New Facility, LMI incurred approximately $1.1 million in fees and expenses as of September 30, 2013, which are being amortized on a straight-line basis over the term of the New Facility. The Company wrote off $0.6 million of the existing unamortized deferred financing costs related to the Old Facility, which is included in interest expense in the accompanying condensed consolidated statements of comprehensive loss.

11. Stock-Based Compensation

The Company's employees are eligible to receive awards under the Holdings 2013 Equity Incentive Plan (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 (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

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

11. Stock-Based Compensation (Continued)

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,	
	2013	2012	2013	2012
Expected volatility	36%	39%	36%	39 - 41%
Expected dividends	—	—	—	—
Expected life (in years)	6.3	5.5	5.5 - 6.3	5.5 - 6.5
Risk-free interest rate	1.7%	0.7%	0.7 - 1.7%	0.7 - 1.4%

A summary of option activity for 2013 is presented below:

	Time Based	Performance Based	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2013	2,326,350	1,002,948	3,329,298	$ 3.11	5.6	$15,336,000
Options granted	1,340,177	600,000	1,940,177	6.77		
Options cancelled	(214,700)	(257,655)	(472,355)	2.22		
Options exercised	(583,750)	(47,768)	(631,518)	2.00		
Options forfeited or expired	(93,315)	(66,201)	(159,516)	8.38		
Outstanding at September 30, 2013	2,774,762	1,231,324	4,006,086	4.95	7.2	$ 7,240,000
Vested and expected to vest at September 30, 2013	2,688,003	1,098,282	3,786,285	4.84	7.1	$ 7,240,000
Exercisable at September 30, 2013	1,447,088	510,026	1,957,114	2.80	4.8	$ 7,240,000

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, as compared to $3.06 and $3.45 for the three and nine months ended September 30, 2012, respectively.

During the nine months ended September 30, 2013, 631,518 stock options were exercised on a cashless basis for which 459,171 shares of Holdings common stock were issued.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

11. Stock-Based Compensation (Continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2013	2012	2013	2012
Cost of goods sold	$ 26	$ 30	$ 56	$ 47
General and administrative	62	175	553	811
Sales and marketing	46	24	86	80
Research and development	38	47	40	128
Total stock-based compensation expense	$ 172	$ 276	$ 735	$ 1,066

Stock-based compensation expense recognized in the condensed consolidated statement of comprehensive loss for the three and nine months ended September 30, 2013 and 2012 are based on awards ultimately expected to vest as well as any changes in the probability of achieving certain performance features as required.

During the nine months ended September 30, 2013, the Company recognized $134,000 of stock-based compensation expense associated with the modification of two option agreements during the second quarter of 2013. The first modification was a new option award that was granted to replace the cancellation of a portion of an existing option award that changed the exercise price. The second modification changed the exercise price and the performance condition of the original award. During the nine months ended September 30, 2012, the Company recognized $0.6 million of stock-based compensation expense associated with the modification of three option agreements, two of which were effected in the first quarter of 2012 and one in the third quarter of 2012. The modification of these awards affected the vesting terms of the awards, allowing vesting to continue beyond the last day of employment, so long as the option holders, whom are no longer employees, continue to provide services to the Company or Avista Capital Partners, the majority stockholder of the Company's ultimate parent, as applicable. The Company used the following Black-Scholes inputs to determine the fair value of stock options that were modified during the nine months ended September 30, 2013 and 2012.

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Expected volatility	36 - 37%	30 - 36%
Expected dividends	—	—
Expected term (in years)	4.8 - 6.0	0.3 - 3.5
Risk-free interest rate	0.7 - 0.9%	0.3 - 0.8%

Upon termination of employee services, 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 Holdings will exercise its call right. The Company did not reclassify any equity awards to liability-based awards as of September 30, 2013 and December 31, 2012, since the Company concluded it was not probable that Holdings would exercise its call right.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

11. Stock-Based Compensation (Continued)

The Company did not recognize an income tax benefit for the nine months ended September 30, 2013 and 2012. As of September 30, 2013, there was approximately $4.2 million of total unrecognized compensation costs related to non-vested stock options granted under the Plans. These costs are expected to be recognized over a weighted-average remaining period of 1.9 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, 2013, there was approximately $0.9 million of unrecognized compensation expense relating to these features, which could be recognized through 2018 or longer.

12. Other Income (Expense), net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2013	2012	2013	2012
Foreign currency losses	$ (174)	$ (12)	$ (180)	$ (344)
Tax indemnification income (loss)	434	(882)	706	(52)
Other income	—	60	368	148
Total other income (expense), net	$ 260	$ (834)	$ 894	$ (248)

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 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, 2013, the Company had no material on-going litigation in which the Company was a defendant or any material on-going 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 due to a "heavy water" leak in the reactor vessel. 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. On April 4, 2011, the parties had their first pre-trial conference in United States District Court for the Southern District of New York, and discovery has commenced and is continuing.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

13. Legal Proceedings and Contingencies (Continued)

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, 2013 and December 31, 2012, LMI had outstanding receivables from Holdings in the amount of $1.2 million and $1.3 million, respectively, which was included in due from parent within stockholder's deficit.

In the third quarter of 2012, the Company entered into a Master Contract Research Organization Services Agreement with INC Research, LLC ("INC") to provide clinical development services in connection with the flurpiridaz F 18 Phase III program. The agreement has a term of five years and 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. During the three and nine months ended September 30, 2012, the Company incurred costs associated with this agreement totaling $0.2 million. Avista Capital Partners and its affiliate are principal owners of both INC and the Company. At December 31, 2012, $0.5 million was included in accounts payable and accrued expenses. There was no balance outstanding at September 30, 2013.

Avista, the majority shareholder of LMI Holdings, provides certain advisory services to the Company pursuant to an advisory services and monitoring agreement. The Company is required to pay an annual fee of $1.0 million and other reasonable and customary advisory fees, as applicable, paid on a quarterly basis. The initial term of the agreement is seven years. Upon termination, all remaining amounts owed under the agreement shall become due immediately. During the three and nine months ended September 30, 2013, the Company incurred costs associated with this agreement totaling $0.3 million and $0.8 million, respectively. During the three and nine months ended September 30, 2012, the Company incurred costs associated with this agreement totaling $0.3 million and $0.8 million respectively. At both September 30, 2013 and December 31, 2012, $20,000 was included in accrued expenses.

The Company purchases inventory supplies from VWR Scientific ("VWR"). Avista Capital Partners and certain affiliates are principal owners of both VWR and the Company. The Company made purchases of $0.1 million and $0.2 million during the three and nine months ended September 30, 2013, respectively. The Company made purchases of $0.1 million and $0.2 million during the three and nine months ended September 30, 2012, respectively. At September 30, 2013 and December 31, 2012, $8,000 and $19,000, respectively, was included in accounts payable.

At both September 30, 2013 and December 31, 2012, 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.

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 73.9% and 74.8% of

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

15. Segment Information (Continued)

consolidated revenues for the three and nine months ended September 30, 2013, respectively, as compared to 74.7% and 71.8% for the prior year comparative periods and 89.0% and 86.7% of consolidated assets at September 30, 2013 and December 31, 2012, 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, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenues				
U.S.	$ 56,407	$ 60,108	$ 174,167	$ 169,297
International	18,381	18,672	53,514	60,918
Total revenue, including inter-segment	74,788	78,780	227,681	230,215
Less inter-segment revenue	(4,403)	(5,035)	(15,677)	(14,358)
	$ 70,385	$ 73,745	$ 212,004	$ 215,857
Revenues from external customers				
U.S.	$ 52,004	$ 55,073	$ 158,490	$ 154,939
International	18,381	18,672	53,514	60,918
	$ 70,385	$ 73,745	$ 212,004	$ 215,857
Operating loss				
U.S.	$ (5,116)	$ (21,580)	$ (18,414)	$ (12,291)
International	(54)	1,848	913	9,634
Total operating loss, including inter-segment	(5,170)	(19,732)	(17,501)	(2,657)
Inter-segment operating income (loss)	602	(265)	(179)	787
Operating loss	(4,568)	(19,997)	(17,680)	(1,870)
Interest expense, net	(11,035)	(10,464)	(32,323)	(31,277)
Other income (expense), net	260	(834)	894	(248)
Loss before income taxes	$ (15,343)	$ (31,295)	$ (49,109)	$ (33,395)

	September 30, 2013	December 31, 2012
Total Assets		
U.S.	$ 251,816	$ 279,808
International	31,209	43,118
	$ 283,025	$ 322,926

16. Guarantor Financial Information

The Notes, issued by LMI, are guaranteed by Lantheus Intermediate (the "Parent Guarantor") and Lantheus Real Estate, one of Lantheus Intermediate's wholly-owned consolidated subsidiaries (the "Guarantor Subsidiary"). The guarantees are full and unconditional and joint and several. The

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

following supplemental financial information sets forth, on a condensed consolidating basis, balance sheet information as of September 30, 2013 and December 31, 2012, comprehensive (loss) income information for the three and nine months ended September 30, 2013 and 2012 and cash flow information for the nine months ended September 30, 2013 and 2012 for Lantheus Intermediate, LMI, the Guarantor Subsidiary and Lantheus Intermediate's other wholly-owned subsidiaries (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.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Balance Sheet Information
September 30, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets						
Cash and cash equivalents	$ —	$ 13,132	$ —	$ 7,730	$ —	$ 20,862
Accounts receivable, net	—	26,540	—	11,047	—	37,587
Intercompany accounts receivable	—	2,541	—	—	(2,541)	—
Inventory	—	14,842	—	2,195	—	17,037
Income tax receivable	—	456	—	(19)	—	437
Deferred tax assets	—	—	—	27	—	27
Other current assets	—	2,494	712	256	—	3,462
Total current assets	—	60,005	712	21,236	(2,541)	79,412
Property, plant and equipment, net	—	76,641	15,635	6,456	—	98,732
Capitalized software development costs, net	—	1,210	—	3	—	1,213
Intangibles, net	—	50,551	—	4,215	—	54,766
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	10,194	—	—	—	10,194
Investment in subsidiaries	(224,059)	42,526	—	—	181,533	—
Intercompany note receivable	—	—	—	2,249	(2,249)	—
Other long-term assets	—	22,781	—	213	—	22,994
Total assets	$ (224,059)	$ 279,622	$ 16,347	$ 34,372	$ 176,743	$ 283,025
Liabilities and (deficit) equity						
Current liabilities						
Line of credit	$ —	$ 8,000	$ —	$ —	$ —	$ 8,000

Accounts payable	—	17,406	—	2,065	—	19,471
Intercompany accounts payable	—	—	—	2,541	(2,541)	—
Accrued expenses and other liabilities	—	31,377	—	3,134	—	34,511
Note payable	—	119	—	—	—	119
Deferred revenue	—	3,848	—	—	—	3,848
Total current liabilities	—	60,750	—	7,740	(2,541)	65,949
Asset retirement obligation	—	6,052	—	167	—	6,219
Long-term debt, net	—	398,984	—	—	—	398,984
Deferred tax liability	—	—	—	22	—	22
Intercompany note payable	—	2,249	—	—	(2,249)	—
Other long-term liabilities	—	35,646	—	264	—	35,910
Total liabilities	—	503,681	—	8,193	(4,790)	507,084
(Deficit) equity	(224,059)	(224,059)	16,347	26,179	181,533	(224,059)
Total liabilities and (deficit) equity	$ (224,059)	$ 279,622	$ 16,347	$ 34,372	$ 176,743	$ 283,025

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Balance Sheet Information
December 31, 2012

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Current assets						
Cash and cash equivalents	$ —	$ 17,635	$ —	$ 13,960	$ —	$ 31,595
Accounts receivable, net	—	30,218	—	11,162	—	41,380
Intercompany accounts receivable	—	1,992	—	—	(1,992)	—
Inventory	—	15,417	—	2,631	—	18,048
Income tax receivable	—	291	—	445	—	736
Deferred tax assets	—	—	—	115	—	115
Other current assets	—	2,596	—	347	—	2,943
Total current assets	—	68,149	—	28,660	(1,992)	94,817
Property, plant and equipment, net	—	78,578	23,195	7,800	—	109,573
Capitalized software development costs, net	—	2,230	—	4	—	2,234
Intangibles, net	—	60,370	—	6,432	—	66,802
Goodwill	—	15,714	—	—	—	15,714
Deferred financing costs	—	11,372	—	—	—	11,372
Investment in subsidiaries	(174,353)	58,166	—	—	116,187	—
Other long-term assets	—	22,192	—	222	—	22,414
Total assets	$ (174,353)	$ 316,771	$ 23,195	$ 43,118	$ 114,195	$ 322,926
Liabilities and (deficit) equity						
Current liabilities						
Accounts payable	$ —	$ 16,835	$ —	$ 2,110	$ —	$ 18,945
Intercompany						

accounts payable	—	—	—	1,992	(1,992)	—
Accrued expenses	—	26,592	—	3,097	—	29,689
Deferred revenue	—	7,229	—	91	—	7,320
Total current liabilities	—	50,656	—	7,290	(1,992)	55,954
Asset retirement obligations	—	5,268	—	148	—	5,416
Long-term debt, net	—	398,822	—	—	—	398,822
Deferred tax liability	—	—	—	435	—	435
Other long-term liabilities	—	36,378	—	274	—	36,652
Total liabilities	—	491,124	—	8,147	(1,992)	497,279
(Deficit) equity	(174,353)	(174,353)	23,195	34,971	116,187	(174,353)
Total liabilities and (deficit) equity	$ (174,353)	$ 316,771	$ 23,195	$ 43,118	$ 114,195	$ 322,926

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Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Comprehensive (Loss) Income
Three Months Ended September 30, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 56,284	$ —	$ 15,372	$ (4,403)	$ 67,253
License and other revenues	—	3,132	—	—	—	3,132
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						
General and administrative expenses	—	6,585	20	527	—	7,132
Sales and marketing expenses	—	7,641	—	835	—	8,476
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)
Provision (benefit) for income taxes	—	(255)	—	(24)	—	(279)
Net income						

(loss)	(15,064)	(15,064)	(6,808)	(1,389)	23,261	(15,064)
Foreign currency translation, net of taxes	—	—	—	417	—	417
Equity in other comprehensive income (loss) of subsidiaries	417	417	—	—	(834)	—
Total comprehensive (loss) income	$ (14,647)	$ (14,647)	$ (6,808)	$ (972)	$ 22,427	$ (14,647)

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Comprehensive (Loss) Income
Three Months Ended September 30, 2012

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 59,551	$ —	$ 16,646	$ (5,034)	$ 71,163
License and other revenues	—	2,582	—	—	—	2,582
Total revenues	—	62,133	—	16,646	(5,034)	73,745
Cost of goods sold	—	55,301	—	14,847	(5,034)	65,114
Loss on firm purchase commitment	—	1,859	—	—	—	1,859
Total cost of goods sold	—	57,160	—	14,847	(5,034)	66,973
Gross profit	—	4,973	—	1,799	—	6,772
Operating expenses						
General and administrative expenses	—	7,253	20	528	—	7,801
Sales and marketing expenses	—	8,585	—	672	—	9,257
Research and development expenses	—	10,484	—	27	—	10,511
Proceeds from manufacturer	—	(800)	—	—	—	(800)
Operating income (loss)	—	(20,549)	(20)	572	—	(19,997)
Interest expense, net	—	(10,509)	—	45	—	(10,464)
Other expense, net	—	(830)	—	(4)	—	(834)
Equity in earnings (losses) of affiliates	(28,721)	382	—	—	28,339	—
Income (loss) before income taxes	(28,721)	(31,506)	(20)	613	28,339	(31,295)

Provision (benefit) for income taxes	—	(2,785)	—	211	—	(2,574)
Net income (loss)	(28,721)	(28,721)	(20)	402	28,339	(28,721)
Foreign currency translation, net of taxes	—	—	—	1,021	—	1,021
Equity in other comprehensive income (loss) of subsidiaries	1,021	1,021	—	—	(2,042)	—
Total comprehensive (loss) income	$ (27,700)	$(27,700)	$ (20)	$ 1,423	$ 26,297	$(27,700)

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Comprehensive (Loss) Income
Nine Months Ended September 30, 2013

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$171,410	$ —	$ 47,228	$ (15,677)	$202,961
License and other revenues	—	9,043	—	—	—	9,043
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						
General and administrative expenses	—	23,844	60	1,774	—	25,678
Sales and marketing expenses	—	24,564	—	2,702	—	27,266
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)
Provision (benefit) for income taxes	—	288	—	(21)	—	267
Net income (loss)	(49,376)	(49,376)	(6,848)	(1,704)	57,928	(49,376)
Foreign currency						

translation, net of taxes	—	—	—	(1,176)	—	(1,176)
Equity in other comprehensive income (loss) of subsidiaries	(1,176)	(1,176)	—	—	2,352	—
Total comprehensive (loss) income	$ (50,552)	$ (50,552)	$ (6,848)	$ (2,880)	$ 60,280	$ (50,552)

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Comprehensive (Loss) Income
Nine Months Ended September 30, 2012

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$171,593	$ —	$ 50,604	$ (14,358)	$207,839
License and other revenues	—	8,018	—	—	—	8,018
Total revenues	—	179,611	—	50,604	(14,358)	215,857
Cost of goods sold	—	135,899	—	44,734	(14,358)	166,275
Loss on firm purchase commitment	—	1,859	—	—	—	1,859
Cost of goods sold	—	137,758	—	44,734	(14,358)	168,134
Gross profit	—	41,853	—	5,870	—	47,723
Operating expenses						
General and administrative expenses	—	23,039	60	1,661	—	24,760
Sales and marketing expenses	—	25,580	—	2,585	—	28,165
Research and development expenses	—	31,167	—	115	—	31,282
Proceeds from manufacturer	—	(34,614)	—	—	—	(34,614)
Operating income (loss)	—	(3,319)	(60)	1,509	—	(1,870)
Interest expense, net	—	(31,475)	—	198	—	(31,277)
Other expense, net	—	(175)	—	(73)	—	(248)
Equity in earnings (losses) of affiliates	(32,451)	1,252	—	—	31,199	—
Income (loss) before income taxes	(32,451)	(33,717)	(60)	1,634	31,199	(33,395)

Provision (benefit) for income taxes	—	(1,266)	—	322	—	(944)
Net income (loss)	(32,451)	(32,451)	(60)	1,312	31,199	(32,451)
Foreign currency translation, net of taxes	—	200	—	999	—	1,199
Equity in other comprehensive income (loss) of subsidiaries	1,199	999	—	—	(2,198)	—
Total comprehensive (loss) income	$ (31,252)	$ (31,252)	$ (60)	$ 2,311	$ 29,001	$ (31,252)

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Cash Flow Information
Nine Months Ended September 30, 2013

(in thousands)	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)
Proceeds from dividend	—	4,174	—	—	(4,174)	—
Cash provided by (used in) investing activities	—	553	—	(90)	(4,174)	(3,711)
Cash flows from financing activities						
Payments on note payable	—	(1,174)	—	—	—	(1,174)
Proceeds from line of credit	—	8,000	—	—	—	8,000
Payments of 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	—	(8,161)	5,912	5,749
Effect of foreign exchange rate on cash	—	—	—	(949)	—	(949)
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

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

16. Guarantor Financial Information (Continued)

Condensed Consolidating Cash Flow Information
Nine Months Ended September 30, 2012

(in thousands)	Lantheus Intermediate	LMI	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$22,111	$ —	$ 4,823	$ (4,723)	$22,211
Cash flows from investing activities						
Capital expenditures	—	(4,452)	—	(448)	—	(4,900)
Purchase of certificate of deposit	—	(225)	—	—	—	(225)
Cash used in investing activities	—	(4,677)	—	(448)	—	(5,125)
Cash flows from financing activities						
Payments on note payable	—	(1,375)	—	—	—	(1,375)
Payments of deferred financing costs	—	(198)	—	—	—	(198)
Payments from parent	—	44	—	—	—	44
Payment of dividend	—	—	—	(4,723)	4,723	—
Cash used in financing activities	—	(1,529)	—	(4,723)	4,723	(1,529)
Effect of foreign exchange rate on cash	—	—	—	680	—	680
Increase in cash and cash equivalents	—	15,905	—	332	—	16,237
Cash and cash equivalents, beginning of						

period	—	20,474	—	20,133	—	40,607
Cash and cash equivalents, end of period	$ —	$36,379	$ —	$ 20,465	$ —	$ 56,844

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," "predicts," "hopes" and similar expressions. Examples of forward-looking statements include, but are not limited to, statements we make regarding: (i) our liquidity, including our belief that our existing cash, cash equivalents, anticipated revenues and availability under a revolving line of credit are sufficient to fund our existing operating expenses, capital expenditures and liquidity requirements for at least the next twelve months; (ii) our outlook and expectations including, without limitation, in connection with continued market expansion and penetration for our commercial products, particularly DEFINITY; (iii) expected new product launch dates and market exclusivity periods; and (iv) outlook and expectations related to product manufactured at Ben Venue Laboratories, Inc., or BVL and Jubilant HollisterStier, or JHS. 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 manufacturing and distribution of our products and the regulatory requirements related thereto, including, with BVL ceasing to manufacture further new batches of our products, the risk that we will not have sufficient quantities of product to allow us to avoid stock-outs or shortfalls as we continue to transition to JHS as our future sole source manufacturer of DEFINITY and Neurolite in 2014 as well as a future manufacturer of Cardiolite;
- risks associated with the technology transfer programs to secure production of our products, at alternate contract manufacturer sites;
- our dependence on a limited number of third-party suppliers and the instability of the global molybdenum-99, or Moly, supply;
- a sustained decrease in TechneLite generator demand following the end of the global Moly shortage in 2010;
- our dependence on key customers, primarily Cardinal Health, Inc., or Cardinal, United Pharmacy Partners, Inc., or UPPI, and GE Healthcare, for our nuclear imaging products, and our ability to maintain and profitably renew our contracts and relationships with those key customers;
- our ability to continue to increase segment penetration for DEFINITY in suboptimal echocardiograms;
- our ability to compete effectively;

- ongoing generic competition to Cardiolite products and continued loss of market share;
- risks associated with our lead clinical candidate, flurpiridaz F 18, including our ability to:
  - successfully complete our Phase 3 clinical program with the recently-announced results of our first Phase 3 trial, see "Research and Development";
  - attract strategic partners for the further development and possible commercialization of the agent;
  - obtain U.S. Food and Drug Administration ("FDA") approval; and
  - gain post-approval market acceptance and adequate reimbursement;
- 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 such regulations;
- risks associated with being able to negotiate in a timely manner relationships with potential strategic partners to advance our clinical 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;
- potential liability associated with our marketing and sales practices;
- the occurrence of any side effects with our products;
- our inability to introduce new products and adapt to an evolving technology and diagnostic landscape;
- our exposure to potential product liability claims and environmental liability;
- 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 such obligations;
- risks associated with the current economic environment, including the U.S. credit markets;
- risks associated with our international operations;
- our inability to adequately protect our facilities, equipment and technology infrastructure;
- our inability to hire or retain skilled employees and key personnel; and
- costs and other risks associated with the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act of

2010.

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 2012 Form 10-K. Any forward-looking statement made by us in this quarterly report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

The following discussion and analysis of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included in Item 1 of this Quarterly Report on Form 10-Q as well as the other factors described in "Risk Factors" under Part II—Item 1A of this report and the information provided in our 2012 Form 10-K.

Overview

We are a global leader in developing, manufacturing and distributing innovative diagnostic medical imaging agents and products that assist clinicians in the diagnosis of cardiovascular diseases such as coronary artery disease, congestive heart failure and stroke, peripheral vascular disease and other diseases.

Our current marketed 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. In addition to our marketed products, we have three candidates in clinical and pre-clinical development.

We market 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 DEFINITY, an ultrasound contrast agent; TechneLite, a generator used to provide the radioisotope to radiolabel Cardiolite and other radiopharmaceuticals; Cardiolite, a myocardial perfusion imaging agent; and Xenon, a radiopharmaceutical inhaled gas used to assess pulmonary function and evaluate blood flow, particularly in the lungs. We launched DEFINITY in 2001 and it is currently patent protected in the United States until 2021 and in numerous foreign jurisdictions until 2019. Cardiolite was approved by the FDA in 1990, and its market exclusivity expired in July 2008.

In the United States, our nuclear imaging products, including TechneLite and Cardiolite, are primarily distributed through over 350 radiopharmacies that are controlled by or associated with Cardinal, UPPI, GE Healthcare and Triad. A small portion of our nuclear imaging product sales in the United States are made through our direct sales force to hospitals and clinics that maintain their own in-house radiopharmaceutical capabilities. Sales of our contrast agent, DEFINITY, are made through our direct sales force. At September 30, 2013, we had approximately 78 sales people in the United States. 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 the rest of the world, we rely on third-party distributors to market, distribute and sell our nuclear imaging and contrast agent products, either on a country-by-country basis or on a multi-country 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)	2013	%	2012	%	2013	%	2012	%
DEFINITY	$20,161	28.6	$13,936	18.9	$ 55,932	26.4	$ 36,783	17.0
TechneLite	22,422	31.9	28,839	39.1	70,103	33.1	86,447	40.1
Cardiolite	4,640	6.6	9,388	12.7	20,739	9.8	25,610	11.9
Xenon	8,182	11.6	7,566	10.3	24,151	11.4	22,528	10.4
Other	11,848	16.9	11,434	15.5	32,036	15.0	36,471	16.9
Net product revenues	67,253	95.6	71,163	96.5	202,961	95.7	207,839	96.3
License and other revenues	3,132	4.4	2,582	3.5	9,043	4.3	8,018	3.7
Total revenues	$70,385	100.0	$73,745	100.0	$212,004	100.0	$215,857	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.

Executive Overview

Our results in the three and nine months ended September 30, 2013 reflect the following:

- increased revenues and segment penetration for DEFINITY in the suboptimal echocardiogram segment as a result of sustained availability of product supply from BVL and JHS;
- limited supply of Neurolite product inventory as a result of the BVL outage, and a higher cost of goods sold for Cardiolite because of more expensive sourcing from our current alternate manufacturer of Cardiolite and from our third party manufacturers of generic sestamibi;
- decreased revenues for TechneLite due to a contract that took effect at the beginning of 2013 with a significant customer that reduced unit pricing;
- continued generic competition to Cardiolite;
- under-absorption of manufacturing overhead due to the continued supply challenges with BVL, including slower production and low lot yields;
- the impact of certain cost savings actions taken in March 2013 as we continue to implement a strategic shift in how we will fund our research and development ("R&D") programs;
- lower material costs incurred for the production of TechneLite;
- an impairment charge on certain excess land held for sale; and
- an impairment charge on acquired customer relationship intangible assets.

Results of Operations

(dollars in thousands)	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Revenues				
Net product revenues	$ 67,253	$ 71,163	$ 202,961	$ 207,839
License and other revenues	3,132	2,582	9,043	8,018
Total revenues	70,385	73,745	212,004	215,857
Cost of goods sold	46,664	65,114	144,524	166,275
Loss on firm purchase commitment	—	1,859	—	1,859
Total cost of goods sold	46,664	66,973	144,524	168,134
Gross profit	23,721	6,772	67,480	47,723
Operating expenses				
General and administrative expenses	7,132	7,801	25,678	24,760
Sales and marketing expenses	8,476	9,257	27,266	28,165
Research and development expenses	5,893	10,511	25,428	31,282
Impairment of land	6,788	—	6,788	—
Proceeds from manufacturer	—	(800)	—	(34,614)
Total operating expenses	28,289	26,769	85,160	49,593
Operating loss	(4,568)	(19,997)	(17,680)	(1,870)
Interest expense, net	(11,035)	(10,464)	(32,323)	(31,277)
Other income (expense), net	260	(834)	894	(248)
Loss before income taxes	(15,343)	(31,295)	(49,109)	(33,395)
Provision (benefit) for income taxes	(279)	(2,574)	267	(944)
Net loss	(15,064)	(28,721)	(49,376)	(32,451)
Foreign currency translation, net of taxes	417	1,021	(1,176)	1,199
Total comprehensive loss	$ (14,647)	$ (27,700)	$ (50,552)	$ (31,252)

Revenues

Revenues are summarized as follows:

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
United States				
DEFINITY	$ 19,758	$ 13,501	$ 54,796	$ 35,949
TechneLite	19,351	25,575	61,064	76,270
Cardiolite	462	4,647	7,324	9,138
Xenon	8,173	7,556	24,117	22,505
Other currently marketed products	1,128	1,212	2,146	3,066
Total U.S. product revenue	48,872	52,491	149,447	146,928
License and other revenues	3,132	2,582	9,043	8,011
Total U.S. revenues	$ 52,004	$ 55,073	$ 158,490	$ 154,939
International				
DEFINITY	$ 403	$ 435	$ 1,136	$ 834
TechneLite	3,071	3,264	9,039	10,177
Cardiolite	4,178	4,741	13,415	16,472
Xenon	9	10	34	23
Other currently marketed products	10,720	10,222	29,890	33,405
Total International product revenue	18,381	18,672	53,514	60,911
License and other revenues	—	—	—	7
Total International revenues	$ 18,381	$ 18,672	$ 53,514	$ 60,918
Product revenue	67,253	71,163	202,961	207,839
License and other revenue	3,132	2,582	9,043	8,018
Total revenue	$ 70,385	$ 73,745	$ 212,004	$ 215,857

Total revenues decreased $3.4 million, or 4.6%, to $70.4 million in the three months ended September 30, 2013, as compared to $73.7 million in the three months ended September 30, 2012. U.S. segment revenue decreased $3.1 million, or 5.6%, to $52.0 million in the three months ended September 30, 2013, as compared to $55.1 million in the prior year period. The International segment revenues decreased $0.3 million, or 1.6%, to $18.4 million in the three months ended September 30, 2013, as compared to $18.7 million in the prior year period.

Total revenues decreased $3.9 million, or 1.8%, to $212.0 million in the nine months ended September 30, 2013, as compared to $215.9 million in the nine months ended September 30, 2012. U.S. segment revenue increased $3.6 million, or 2.3%, to $158.5 million in the nine months ended September 30, 2013, as compared to $154.9 million in the prior year period. The International segment revenues decreased $7.4 million, or 12.2%, to $53.5 million in the nine months ended September 30, 2013, as compared to $60.9 million in the prior year period.

The decrease in U.S. segment revenue for the three months ended September 30, 2013, as compared to the prior year period is driven by a $6.2 million decrease in TechneLite revenues as a result of the following: (i) a contract that took effect at the beginning of 2013 with a significant customer that reduced unit pricing, resulting in lower revenues of $4.9 million as compared to the prior year period; and (ii) a decline in a significant customer's market share and share to us resulted in lower revenues of $2.2 million, offset by higher share volume with certain customer segment resulting in a $1.3 million increase in sales over the prior year period. Additionally, Cardiolite revenues were

$4.2 million lower than the prior period as a result of a contract with a significant customer that reduced unit pricing and volume commitments. Offsetting these decreases, in part, was a $6.3 million increase in DEFINITY revenue given product supply shortages in the prior year period. Xenon revenue increased $0.6 million over the prior year due to price increases. The return of Neurolite increased U.S. segment revenue $0.7 million over the prior year.

The increase in U.S. segment revenue for the nine months ended September 30, 2013, as compared to the prior year period is driven by an $18.8 million increase in DEFINITY revenue given product supply shortages that impacted the prior year period. Offsetting these increases was a decrease in TechneLite revenues of $15.2 million over the prior period as a result of the following: (i) a contract that took effect at the beginning of 2013 with a significant customer that reduced unit pricing, resulting in lower revenues of $12.4 million as compared to the prior year period; and (ii) a decline in a significant customer's market share and share to us resulted in lower revenues of $3.8 million, (iii) loss of a customer resulting in lower revenue of $1.3 million and (iv) offset by higher share volume with certain customer segment resulting in a $2.8 million increase in sales over the prior year period.

The decrease in the International segment revenue for the three months ended September 30, 2013, as compared to the prior year period, is primarily due to a decrease in Cardiolite sales and unfavorable foreign exchange impact in the Australian, Canadian and Japan markets. These decreases were offset by a $0.5 million increase in other marketed products due to the availability of Neurolite.

The decrease in the International segment revenue for the nine months ended September 30, 2013, as compared to the prior year period, is primarily due to a $3.5 million decrease in other marketed products. This decrease is the result of a new contract with an existing customer, which altered the timing of shipments and reflected lower selling price, as well as an unfavorable foreign exchange impact in the amount $1.2 million for the nine month period ending September 30, 2013 versus the prior year. Cardiolite sales decreased by $3.0 million due to competitive pressures in international entities, lack of approved product to sell in Europe as well as unfavorable foreign exchange. TechneLite sales decreased by $1.1 million due to reduced selling prices in Canada, lower sales volume in the Latin America and Asia Pacific markets as well as an unfavorable foreign exchange. Overall, total unfavorable foreign exchange totaled $1.8 million when compared to prior period.

Rebates, Discounts 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 product revenue and the establishment of a liability which is included in accrued expenses and other current liabilities. 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.

Revenue reserves are categorized as rebates or allowances. 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, 2012	$ 1,356	$ 33	$ 1,389
Current provisions relating to revenues in current year	3,224	291	3,515
Adjustments relating to prior years' estimate	(145)	—	(145)
Payments/credits relating to revenues in current year	(2,232)	(223)	(2,455)
Payments/credits relating to revenues in prior years	(661)	(35)	(696)
Balance, as of December 31, 2012	1,542	66	1,608
Current provisions relating to revenues in current year	3,360	181	3,541
Adjustments relating to prior years' estimate	5	—	5
Payments/credits relating to revenues in current year	(2,297)	(162)	(2,459)
Payments/credits relating to revenues in prior years	(983)	(69)	(1,052)
Balance, as of September 30, 2013	$ 1,627	$ 16	$ 1,643

Sales rebates and other accruals were approximately $1.6 million and $1.5 million at September 30, 2013 and December 31, 2012, respectively. The increase in rebate provisions as compared to 2012 is primarily related to the increase in DEFINITY revenues.

Costs of Goods Sold

Cost of goods sold consists of manufacturing, distribution, definite lived 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)	2013	2012	2013	2012
United States	$ 31,337	$ 52,546	$ 101,357	$ 125,488
International	15,327	14,427	43,167	42,646
Total Cost of Goods Sold	$ 46,664	$ 66,973	$ 144,524	$ 168,134

Total cost of goods sold decreased $20.3 million, or 30.3%, to $46.7 million in the three months ended September 30, 2013, as compared to $67.0 million in the three months ended September 30, 2012. U.S. segment cost of goods sold decreased approximately $21.2 million, or 40.4%, to $31.3 million in the three months ended September 30, 2013, as compared to $52.5 million in the prior year period. For the three months ended September 30, 2013, the International segment cost of goods sold increased $0.9 million, or 6.2%, to $15.3 million, as compared to $14.4 million in the prior year period.

Total cost of goods sold decreased $23.6 million, or 14.0%, to $144.5 million in the nine months ended September 30, 2013, as compared to $168.1 million in the nine months ended September 30, 2012. U.S. segment cost of goods sold decreased approximately $24.1 million, or 19.2%, to $101.4 million in the nine months ended September 30, 2013, as compared to $125.5 million in the prior year period. For the nine months ended September 30, 2013, the International segment cost of goods sold increased $0.5 million, or 1.2%, to $43.2 million, as compared to $42.7 million in the prior year period.

The decrease in the U.S. segment cost of goods sold for the three months ended September 30, 2013 over the prior year period is primarily due to a $12.5 million prior year write-off associated with the portion of the committed purchases of Ablavar product that we did not believe we would sell prior to expiry. We incurred lower cost of goods sold of $5.6 million for TechneLite over the prior period primarily due to lower material cost and lower unit volumes. Additionally, technology transfer costs decreased by approximately $1.4 million related to JHS becoming an approved manufacturing site for DEFINITY by the FDA during 2013.

The decrease in the U.S. segment cost of goods sold for the nine months ended September 30, 2013 over the prior year period is primarily due to a $12.5 million prior year write-off associated with the portion of the committed purchases of Ablavar product that we did not believe we would sell prior to expiry. We incurred lower cost of goods sold of $10.2 million for TechneLite over the prior period primarily due to lower material cost and lower unit volumes. Additionally, technology transfer costs decreased by approximately $4.0 million related to JHS becoming an approved manufacturing site for DEFINITY by the FDA during 2013. Offsetting these decreases was an increase in DEFINITY cost of goods sold of approximately $4.3 million primarily driven by an increase in units sold.

The increase in the International segment cost of goods sold for the three and nine months ended September 30, 2013 was primarily due to an impairment of acquired customer relationship intangible assets of approximately $1.0 million.

Gross Profit

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2013**	**2012**	**2013**	**2012**
United States	$ 20,668	$ 2,526	$ 57,134	$ 29,450
International	3,053	4,246	10,346	18,273
Total Gross Profit	$ 23,721	$ 6,772	$ 67,480	$ 47,723

Total gross profit increased $16.9 million, or 250.3%, to $23.7 million in the three months ended September 30, 2013, as compared to $6.8 million in the three months ended September 30, 2012. U.S. segment gross profit increased $18.1 million, or 718.3%, to $20.7 million in the three months ended September 30, 2013, as compared to $2.5 million in the prior year period. For the three months ended September 30, 2013, the International segment gross profit decreased $1.2 million, or 28.1%, to $3.1 million, as compared to $4.2 million in the prior year period.

Total gross profit increased $19.8 million, or 41.4%, to $67.5 million in the nine months ended September 30, 2013, as compared to $47.7 million in the nine months ended September 30, 2012. U.S. segment gross profit increased $27.7 million, or 94.0%, to $57.1 million in the nine months ended September 30, 2013, as compared to $29.4 million in the prior year period. For the nine months ended September 30, 2013, the International segment gross profit decreased $7.9 million, or 43.4%, to $10.3 million, as compared to $18.3 million in the prior year period.

The increase in the U.S. segment gross profit for the three months ended September 30, 2013 over the prior year period is primarily due to a prior period write off of approximately $12.5 million related to Ablavar. DEFINITY gross profit increased by approximately $6.3 million primarily due to an increase in sales volume and lower technology transfer costs of $1.4 million. The decreases in TechneLite material costs were largely offset by reduced unit pricing. Offsetting these increases in gross profit were lower Cardiolite volume and lower unit pricing that largely contributed to lower gross profit of this product line of $2.2 million.

The increase in the U.S. segment gross profit for the nine months ended September 30, 2013 over the prior year period is primarily due to higher DEFINITY gross profit of approximately $18.5 million primarily due to an increase in sales volume and due to lower technology transfer costs of $4.0 million.

In addition, gross profit improved as compared to the prior year due to a prior period write off of approximately $12.5 million related to Ablavar. TechneLite gross profit decreased approximately $5.0 million over the prior period as the decreases in TechneLite material costs were largely offset by reduced unit pricing.

The decrease in the International segment gross profit for the three months ended September 30, 2013 was primarily due to an impairment of acquired customer relationship intangible assets.

The decrease in the International segment gross profit for the nine months ended September 30, 2013 is primarily due to a new contract with an existing customer, which altered the timing of shipments and reflected lower selling price, changes in foreign exchange rates, reduced selling price on Cardiolite products and an impairment of acquired customer relationship intangible assets.

General and Administrative

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
United States	$ 6,605	$ 7,273	$ 23,904	$ 23,099
International	527	528	1,774	1,661
Total General and Administrative	$ 7,132	$ 7,801	$ 25,678	$ 24,760

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

Total general and administrative expenses decreased approximately $0.7 million, or 8.6%, to $7.1 million in the three months ended September 30, 2013, as compared to $7.8 million in the three months ended September 30, 2012. In the U.S. segment, general and administrative expenses decreased $0.7 million, or 9.2%, to $6.6 million in the three months ended September 30, 2013, as compared to $7.3 million in the prior year period. For the three months ended September 30, 2013, general and administrative expenses in the International segment remained flat at $0.5 million.

Total general and administrative expenses increased approximately $0.9 million, or 3.7%, to $25.7 million in the nine months ended September 30, 2013, as compared to $24.8 million in the nine months ended September 30, 2012. In the U.S. segment, general and administrative expenses increased $0.8 million, or 3.5%, to $23.9 million in the nine months ended September 30, 2013, as compared to $23.1 million in the prior year period. For the nine months ended September 30, 2013, general and administrative expenses in the International segment increased $0.1 million or 6.8%, to $1.8 million as compared to $1.7 million in the prior year period.

The decrease in the U.S. segment general and administrative expenses for the three months ended September 30, 2013 over the prior year period was due to cost saving initiatives including the renegotiation of certain information technology related contracts as support provided by certain vendors was reduced, reduced legal expense due to a reduction in rates and reduced amount of services in the current period, as well as lower audit fees. In addition, compensation for performance based awards was reduced to adjust for probability of achievement in the current period, resulting in a $0.1 million reduction in expense compared to the prior period.

The increase in the U.S. segment general and administrative expenses for the nine months ended September 30, 2013 over the prior year period was primarily due to additional variable compensation in the current period and severance expense from a reduction in force in the first quarter of 2013. Cost savings over the prior period were achieved through the renegotiation of certain information technology related contracts as support provided by certain vendors was reduced and reduced legal expense due to a reduction in rates and reduced amount of services in the current period. In addition, compensation for performance based awards was reduced to adjust for probability of achievement in the current period, resulting in a $0.3 million reduction in expense compared to the prior period.

The International segment remained flat for the three months ended September 30, 2013 as compared to the prior period. The increase in the International segment general and administrative expenses for the nine months ended September 30, 2013 over the prior year period was primarily due to a recovery of bad debts in the prior year period, lower headcount and employee related expense in the current year, offset in part by increased recruiting fees in the current period.

Sales and Marketing

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
United States	$ 7,483	$ 8,453	$ 24,065	$ 25,150
International	993	804	3,201	3,015
Total Sales and Marketing	$ 8,476	$ 9,257	$ 27,266	$ 28,165

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

Total sales and marketing expenses decreased $0.8 million, or 8.4%, to $8.5 million in the three months ended September 30, 2013, as compared to $9.3 million in the three months ended September 30, 2012. In the U.S. segment, sales and marketing expense decreased $1.0 million, or 11.5%, to $7.5 million in the three months ended September 30, 2013, as compared to $8.5 million in the prior year period. In the International segment, sales and marketing expense increased $0.2 million, or 23.5%, to $1.0 million in the three months ended September 30, 2013, as compared to $0.8 million in the three months ended September 30, 2012.

Total sales and marketing expenses decreased $0.9 million, or 3.2%, to $27.3 million in the nine months ended September 30, 2013, as compared to $28.2 million in the nine months ended September 30, 2012. In the U.S. segment, sales and marketing expense decreased $1.1 million, or 4.3%, to $24.1 million in the nine months ended September 30, 2013, as compared to $25.2 million in the prior year period. In the International segment, sales and marketing expense increased $0.2 million, or 6.2%, to $3.2 million in the nine months ended September 30, 2013, as compared to $3.0 million in the nine months ended September 30, 2012.

The decrease in the U.S. segment sales and marketing expenses for the three months ended September 30, 2013 over the prior year period was primarily due to a higher level of promotional and sales efforts in the prior period for DEFINITY following the return of supply in the third quarter of 2012. Additionally, headcount and employee related expenses decreased over the prior year due to a reduction in workforce. Offsetting the decreases was an increase in market research expenses related to DEFINITY.

The decrease in the U.S. segment sales and marketing expenses for the nine months ended September 30, 2013 over the prior year period was primarily due to lower headcount and employee related expenses, including contractors over the prior year due to a reduction in workforce. Offsetting the decreases were increases in variable compensation and market research expenses related to DEFINITY.

The increase in the International segment sales and marketing expenses for the three and nine months ended September 30, 2013 over the prior year period was due to increased headcount and higher variable compensation. Offsetting the increases were decreases in professional services.

Research and Development

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2013	2012	2013	2012
United States	$ 5,779	$ 10,484	$ 25,200	$ 31,167
International	114	27	228	115
Total Sales and Marketing	$ 5,893	$ 10,511	$ 25,428	$ 31,282

Research and development expenses relate primarily to the development of new products to add to the Company's portfolio and costs related to its medical affairs, medical information and regulatory functions.

Total research and development expenses decreased $4.6 million, or 43.9%, to $5.9 million in the three months ended September 30, 2013, as compared to $10.5 million in the three months ended September 30, 2012. In the U.S. segment, research and development expenses decreased approximately $4.7 million, or 44.9%, to $5.8 million in the three months ended September 30, 2013, as compared to $10.5 million in the prior year period. The International segment increased $0.1 million in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012.

Total research and development expenses decreased $5.9 million, or 18.7%, to $25.4 million in the nine months ended September 30, 2013, as compared to $31.3 million in the nine months ended September 30, 2012. In the U.S. segment, research and development expenses decreased approximately $6.0 million, or 19.1%, to $25.2 million in the nine months ended September 30, 2013, as compared to $31.2 million in the prior year period. The International segment increased $0.1 million in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012.

The decrease in the U.S. segment research and development expenses for the three months ended September 30, 2013 over the prior year period is driven by decreases in employee related costs primarily as a result of the reduction in workforce from a strategic shift to use fewer internal resources and lower external expense as we seek one or more strategic partners to assist in the future development and commercialization of our development candidates. Additionally, we had 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.

The decrease in the U.S. segment research and development expenses for the nine months ended September 30, 2013 over the prior year period is driven by 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 and decreases in employee related costs as a result of the reduction in workforce from a strategic shift to use fewer internal resources and lower external expense as we expect to seek one or more strategic partners to assist in the future development and commercialization of our development candidates. Offsetting these decreases, in part, was an increase in severance expense and variable compensation.

The increase in the International segment research and development expenses for the three and nine months ended September 30, 2013 over the prior year period was due to depreciation expense since we shifted the primary utilization of certain assets to support research and development functions.

During the third quarter of 2013 we completed patient enrollment in the first of two planned Phase 3 clinical trials to assess the diagnostic efficacy of flurpiridaz F 18, an imaging agent used in Positron Emission Tomography ("PET") myocardial perfusion imaging ("MPI") for the detection of coronary artery disease. The trial compared PET MPI with flurpiridaz F 18 to single photon emission computed tomography ("SPECT") MPI, the current standard of care, using invasive coronary angiography as the truth standard. The open-label, multicenter study had two co-primary endpoints: superiority in sensitivity (identifying disease) and non-inferiority in specificity (ruling out disease). On October 29, 2013, we announced preliminary results from this Phase 3 clinical trial. Flurpiridaz F 18 outperformed SPECT in a highly statistically significant manner in sensitivity and showed a statistical trend towards improved diagnostic accuracy. However, flurpiridaz F 18 did not meet the non-inferiority criterion for identifying subjects without disease. We believe that next steps will include further image and data analysis, and meeting with our clinical advisors and representatives of the FDA to explore potential modifications to the flurpiridaz F 18 clinical development plan and to determine how the results of this trial could be used to advance the Phase 3 program. We will seek to engage a strategic partner to assist us with the balance of the Phase 3 program.

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, which is classified in other current assets on the condensed consolidated balance sheet. 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 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.

Proceeds from Manufacturer

For the three and nine months ended September 30, 2013 compared to the same periods in 2012, proceeds from manufacturer decreased by $0.8 million and $34.6 million, respectively, as a result of the receipt of the $30.0 million from BVL in 2012 to compensate us for business losses and an additional $5.0 million under the Transition Services Agreement. During the first quarter of 2012, BVL and LMI terminated their original manufacturing agreement and entered into a settlement agreement, a transition services agreement and a manufacturing and services contract.

Other Expense, Net

(dollars in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Interest expense	$ (11,052)	$ (10,510)	$ (32,410)	$ (31,476)
Interest income	17	46	87	199
Other income (expense), net	260	(834)	894	(248)
Total other expense, net	$ (10,775)	$ (11,298)	$ (31,429)	$ (31,525)

Interest Expense

For the three and nine months ended September 30, 2013, compared to the same periods in 2012, interest expense increased by $0.5 million and $0.9 million, respectively, as a result of increased amortization related to the capitalization of additional deferred financing costs in connection with our new line of credit amendments and the write off of the existing unamortized deferred financing costs related to our old facility.

Interest Income

For the three and nine months ended September 30, 2013, compared to the same periods in 2012, interest income decreased by $29,000 and $112,000, respectively, as a result of the change in balances in interest bearing accounts.

Other Income, net

For the three months ended September 30, 2013, compared to the same period in 2012, other income increased by $1.1 million primarily due to a decrease in the tax indemnification asset, which was a result of the closing of a statute of limitations relating to a federal research credit matter in 2012.

For the nine months ended September 30, 2013, compared to the same period in 2012, other income increased by $1.1 million primarily due to the receipt of $0.4 million in consideration from the extinguishment of our membership interests in a mutual insurance company and the closing of the statute of limitations relating to a federal research credit matter in 2012.

Provision (Benefit) for Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2013**	**2012**	**2013**	**2012**
Provision (benefit) for income taxes	$ (279)	$ (2,574)	$ 267	$ (944)

For the nine months ended September 30, 2013 and 2012, our effective tax rate was (0.54)% and 2.83%, respectively. The $2.3 million decrease in the tax benefit for the three months ended September 30, 2013, as compared to the same period in 2012, was impacted primarily by a decrease in reversals of an uncertain tax positions. The $1.2 million increase in the tax provision for the nine months ended September 30, 2013, as compared to the same period in 2012, was impacted primarily by a decrease in reversals of an uncertain tax positions and by a larger increase to our valuation allowance. Our tax rate is affected by recurring items, such as discrete items relating to interest and penalties on uncertain tax positions. The tax rate is also affected by losses in certain jurisdictions which cannot be utilized. To the extent the Company is in a full valuation allowance, a deferred tax provision or benefit is not recorded for such losses. 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, 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.

Three months ended September 30, 2012

- A $11.3 million increase to our valuation allowance against net domestic deferred tax assets.
- A $3.6 million decrease in our uncertain tax positions relating to the closing of the statute of limitations associated with the research credit and other federal matters.
- A $0.6 million increase in our uncertain tax positions relating to accrued interest associated with state tax nexus and transfer pricing matters.

Nine months ended September 30, 2012

- A $12.5 million increase to our valuation allowance against domestic deferred tax assets.
- A $2.0 million increase in our uncertain tax positions primarily relating to accrued interest associated with state tax nexus and transfer pricing matters.
- A $3.6 million decrease in our uncertain tax positions relating to the closing of the statute of limitations associated with the research credit and other federal matters.
- A $0.4 million increase in our tax provision relating to two tax audits in Quebec and Florida.

Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash flows:

	Nine Months Ended September 30,		
(dollars in thousands)	**2013**	**2012**	**$ Change**
Cash provided by (used in):			
Operating activities	$ (11,822)	$ 22,211	$ (34,033)
Investing activities	$ (3,711)	$ (5,125)	$ 1,414
Financing activities	$ 5,749	$ (1,529)	$ 7,278

Net Cash Provided by (Used in) Operating Activities

Cash provided by operating activities is primarily driven by our earnings and changes in working capital. The decrease in cash provided by operating activities for the nine months ended September 30, 2013 as compared to 2012 was primarily driven by the receipt of $34.6 million from the BVL settlement in 2012.

Net Cash Used in Investing Activities

The decrease in net cash used in investing activities in the nine months ended September 30, 2013 as compared to 2012 primarily reflects less spending on the purchase of property and equipment.

Net Cash Provided by (Used in) Financing Activities

Our primary historical uses of cash in financing activities are principal payments on our term loan and financing costs. The increase in net cash provided by financing activities in the nine months ended September 30, 2013 as compared to 2012 was caused by an $8.0 million draw against our outstanding line of credit during the nine months ended September 30, 2013.

Internal Sources of Liquidity

Our internal sources of liquidity are derived from cash and cash equivalents of $20.9 million as of September 30, 2013, as well as revenues primarily from the sale of DEFINITY, TechneLite, Cardiolite and Xenon.

External Sources of Liquidity

Since 2010, in addition to revenues provided by the sales of our products, our primary source of external liquidity has been the proceeds from the issuance of the $400.0 million 9.750% Senior Notes due in May of 2017. On July 3, 2013, we entered into an amended and restated revolving credit facility (the "New Facility") in an aggregate principal amount not to exceed $42.5 million.

The revolving loans under the New Facility bear interest subject to a pricing grid based on average historical excess availability under the New Facility, with pricing based from time to time at our election at (i) LIBOR plus a spread ranging from 2.00% to 2.50% or (ii) the Reference Rate (as defined in the agreement) plus a spread ranging from 1.00% to 1.50%. The New Facility also includes an unused line fee of 0.375% or 0.5%, depending on the average unused revolving credit commitments. The New Facility expires on the earlier of (i) July 3, 2018 or (ii) if the outstanding 9.750% senior notes due in 2017 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.

On August 6, 2013, we transferred the $8.8 million unfunded Standby Letter of Credit, which expires on February 3, 2014, to our new lender. The unfunded Standby Letter of Credit bears interest at an annual rate between 2.00% and 2.50%, which is payable quarterly, and is automatically renewed for a one year period at each anniversary date, unless we elect not to renew in writing within 60 days prior to such expiration.

The New Facility is secured by a pledge of substantially all of our assets together with the assets of LMI and Lantheus MI Real Estate, LLC ("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 (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, 2013, the aggregate borrowing base was approximately $37.0 million, which was reduced by (i) an outstanding $8.8 million unfunded Standby Letter of Credit and (ii) an $8.0 million outstanding loan balance, resulting in a net borrowing base availability of approximately $20.2 million.

The New Facility contains affirmative and negative covenants, as well as restrictions on the ability of LMI, 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. The New Facility also contains customary default provisions as well as cash dominion provisions which allow the lender to sweep our accounts during the period certain specified events of default are continuing under the New Facility or excess availability under the New Facility falls below (i) 15% of the then-current borrowing base for a period of more than five consecutive Business Days or (ii) $3.5 million. During a cash dominion period, we are required to comply with a consolidated fixed charge coverage ratio of not less than 1:00:1:00. The fixed charge coverage ratio is calculated on a consolidated basis for Lantheus Intermediate and its subsidiaries for a trailing four-fiscal quarter period basis, as (i) EBITDA 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.

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. The amount of debt that may be repurchased or otherwise retired, if any, will be 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 the future;
- the level of product sales of our currently marketed products, particularly DEFINITY, and any additional products that we may market in the future;
- the scope, progress, results and costs of development activities for our current development candidates and whether we obtain partners to help share such development costs;
- the costs, timing and outcome of regulatory review of our development candidates;
- the number of, and development requirements for, additional development candidates that we pursue;
- the costs of commercialization activities, including product marketing, sales and distribution and whether we obtain 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 clinical and commercial supplies of our development candidates and 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 and development candidates;
- 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 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 the New 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 the New 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 the New 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, 2013 our only current committed external source of funds is our borrowing availability under the New Facility. We generated a net loss of $15.1 million and $49.4 million during the three and nine months ended September 30, 2013, respectively, and had $20.9 million of cash and cash equivalents at September 30, 2013. Availability under the New 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 are implementing a strategic shift in how we will 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 development candidates, 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 the New 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 indications of goodwill impairment as of October 31 of each year. All goodwill has been allocated to our U.S. operating segment.

The strategic shift in how we will fund our R&D programs significantly altered the expected future costs and revenues associated with our development candidates. 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, 2013 or December 31, 2012 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 calculated 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 such 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.

In the second and third quarters of 2013, we reviewed certain long-lived assets, associated with U.S. and international operations, for recoverability and the analysis indicated that there was no impairment as of June 30, 2013 and September 30, 2013. We also evaluated the remaining useful lives of long-lived assets that were tested for recoverability at June 30, 2013 and September 30, 2013 and determined no revisions were required to the remaining periods of depreciation.

During the third quarter of 2013, we were in negotiations with a new distributor for the sale of certain products within certain international geographies. This agreement was signed in October 2013 and we did not renew the agreements with our former distributors in these international geographies. Therefore, we reviewed the recoverability of certain customer relationship intangible assets in the International segment. We completed an update of our sales forecast based on current negotiations with new customers and its impact on our existing customer base. Using our revised sales forecast, we 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 our acquired customer relationship intangible assets, we utilized Level 3 inputs to estimate the future discounted cash flows associated with remaining customers and as a result of this analysis, we 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 loss in the three and nine months ended September 30, 2013. We also evaluated the remaining useful life of our acquired customer relationship intangible assets and revised our estimate to five years on a prospective basis at September 30, 2013.

During the third quarter of 2013, we committed to a plan to sell certain of our 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 costs to sell, which is classified in other current assets on the condensed consolidated balance sheet. 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 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 our principal market.

Fixed assets dedicated to R&D activities, which were impacted by the recent R&D strategic shift, have a carrying value of $6.6 million as of September 30, 2013. 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.

We continue to monitor the recoverability of our $20.8 million branded Cardiolite trademark intangible asset due to the ongoing generic competition based on actual results and existing estimates of future undiscounted cash flows associated with our branded Cardiolite product. As of September 30, 2013, we tested this intangible asset for recoverability and concluded this intangible asset was recoverable by a narrow margin.

We are currently completing our annual strategic planning process, which is expected to be completed during the fourth quarter of 2013. The resulting forecast and its key assumptions, including those related to asset utilization, could result in triggering events in which certain long-lived assets and intangible assets would be assessed for recoverability. If a triggering event is identified, we will assess the long-lived assets or intangible assets for potential impairment.

Please read Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2012 Form 10-K for the year ended December 31, 2012, 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, 2013.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

We are subject to interest rate risk in connection with the New 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, 2013, there was $8.0 million outstanding under the New Facility and an $8.8 million unfunded Standby Letter of Credit, which reduced availability to $20.2 million. Any increase in the interest rate under the New Facility may have a negative impact on our future earnings to the extent we have outstanding borrowings under the New Facility.

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 our, 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, 2013 and 2012, the net impact of foreign currency changes on transactions was a loss of $0.2 million and $0.3 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 total revenue for the nine month periods ended September 30, 2013 and 2012 was 31.8% and 22.1%, 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 total sales would have been 31.9%, 32.1% and 32.3%, 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, 2012, we estimate our gross margin on total net product sales would have been 22.1%, 22.2% and 22.3%, respectively.

In addition, a portion of our earnings is generated by our foreign subsidiaries, whose functional currencies are other than the U.S. Dollar (in which we report our consolidated financial results); 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.

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 net product sales and net income for the nine months ended September 30, 2013 would have been impacted by approximately the following amounts:

	Approximate Decrease in Net Revenue	Approximate Decrease in Net Loss
	(dollars in thousands)	
1%	$ (372)	$ (23)
5%	(1,861)	(116)
10%	(3,722)	(232)

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 net product sales and net income for the nine months ended September 30, 2012 would have been impacted by approximately the following amounts:

	Approximate Decrease in Net Revenue	Approximate Decrease in Net Income
	(dollars in thousands)	
1%	$ (394)	$ (3)
5%	(1,970)	(14)
10%	(3,939)	(27)

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, 2013 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 regulatory authorities which expose 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 due to a "heavy water" leak in the reactor vessel. 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. On April 4, 2011, the parties had their first pre-trial conference in United States District Court for the Southern District of New York, and discovery has commenced and is continuing. 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, 2013, 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 2012 Form 10-K for the fiscal year ended December 31, 2012. For further information, refer to Part I—Item IA. "Risk Factors," in our 2012 Form 10-K for the fiscal year ended December 31, 2012.

Item 4. Mine Safety Disclosures.

None.

Item 6. Exhibits

10.1*	Employment Agreement, dated May 8, 2013, by and between Lantheus Medical Imaging, Inc. and Jeffrey Bailey.
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

* Furnished 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, 2013

LANTHEUS MEDICAL IMAGING, INC.

By: /s/ JOHN GOLUBIESKI

Name: John Golubieski
Title: *Interim Chief Financial Officer*
Date: November 12, 2013

EXHIBIT INDEX

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* Furnished herewith.

Exhibit 10.1

Confidential **Execution Version**

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "**Agreement**") is entered into on this 8th day of May, 2013, by and between Lantheus Medical Imaging, Inc., and its predecessors, successors and assigns (the "**Company**"), and Jeffrey Bailey ("**Executive**").

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Employment and Duties.

(a) General. Executive shall serve as President and Chief Executive Officer (the "**CEO**") of the Company and its subsidiaries and parent entities and will report to the Board of Directors of the Company (the "**Board**") and the Board of Directors of Lantheus MI Holdings, Inc., the indirect parent company of the Company ("**Holdings**", and collectively with its direct and indirect subsidiaries, the "**Lantheus Affiliates**"). In addition, Executive shall serve as a member of the Boards of Directors of Holdings, Lantheus MI Intermediate, Inc., the Company and the Company's subsidiaries and affiliates without additional compensation. In these capacities, Executive shall render such executive, managerial, administrative and other services as customarily are associated and incident to such positions, and as the Board or the Board of Directors of Holdings may, from time to time, reasonably require of him consistent with such position. The Board shall use its reasonable efforts to cause Executive to be elected as a member of the Board in connection with and following the First Public Offering (as defined in the Shareholders Agreement) of the Company for so long as he is employed by the Company.

(b) Exclusive Services. For so long as Executive is employed by the Company, Executive shall devote his full time, energies and talents to serving as its, and its subsidiaries' and parent entities' President and CEO. Notwithstanding the forgoing, Executive may devote reasonable time to activities other than those required under this Agreement, including activities involving professional, charitable, community, educational, religious and similar types of organizations, speaking engagements, and similar types of activities, to the extent that such activities do not, individually or in the aggregate, conflict materially with the performance of Executive's duties under this agreement; provided, however, that Executive shall not serve on the board of any business or charitable organization, or hold any other position with any business, without the consent of the Board. Such advance Board approval has been obtained for Executive to serve as a director of the Trenton/Mercer County Boys&Girls Club during his employment with the Company.

2. Employment "At-Will". Executive's employment commenced on January 23, 2013 (the "**Start Date**"). Executive's employment with the Company shall, at all times, be treated as "at will," meaning that Executive's employment may be terminated by the Company for any reason or no reason at all, unless otherwise prohibited by law.

3. Compensation and Other Benefits. Subject to the terms of this Agreement, the Company shall pay and provide the following compensation and other benefits to Executive as compensation for services rendered hereunder:

(a) Base Salary. The Company shall pay to Executive an annual base salary (the "**Base Salary**") of not less than $450,000, less taxes and withholdings, payable in accordance with the regular payroll practices of the Company. Salary increases, if any, may occur from time to time in the Company's sole discretion. Such salary increases will depend upon a number of factors, including but not limited to Executive's performance, the Company's financial performance, and the general economic environment.

(b) Equity Participation. Concurrently with the execution of this Agreement, Executive is purchasing from Holdings, and Holdings is issuing and selling to Executive, 58,823 shares of common stock of Holdings (the "**Purchased Equity**") at a per share purchase price equal to $6.80 (the "**Executive Equity Purchase**") pursuant to a subscription agreement in the form attached hereto as Exhibit A (the "**Subscription Agreement**"). In connection with, and as a condition to, Holdings issuing such Purchased Equity to Executive, Executive shall become party to and bound by the Amended and Restated Shareholders Agreement, dated as of February 26, 2008, by and among Holdings and the other parties thereto from time to time (as amended, supplemented or modified from time to time, the "**Shareholders Agreement**") by executing a joinder agreement in the form attached as Exhibit A to the Subscription Agreement. In addition, concurrently with the execution of this Agreement, Executive is being granted an amount of options exercisable for 1,000,000 shares of common stock of Holdings with a per share exercise price of $6.80 pursuant to an option grant award agreement in the form attached hereto as Exhibit B.

(c) Annual Cash Bonus. Executive shall be eligible to receive an annual, discretionary cash bonus ("**Annual Cash Bonus**") less taxes and withholdings, with a target bonus opportunity of 100% of Executive's Base Salary for the applicable calendar year (the "**Target Bonus**"). Annual Cash Bonuses are not guaranteed and are granted in the Company's sole discretion, with the amount variable, based on individual and Company performance, and/or will be calculated in accordance with an applicable short-term incentive program, should the Company, in its discretion, adopt such a program in regards to Executive, in the event of which vesting and participation will be governed by and subject to the applicable plan documents. Annual Cash Bonuses, if any, are generally paid in March of the year following the year in which the bonus was earned, by the 15th of that month, and will only be paid to the extent the same is earned, subject to Executive's continued employment on such payment date, except as otherwise provided in Section 4 hereof. To the extent any management or advisory fees are payable to any of Avista Capital Partners, L.P., Avista Capital Partners (Offshore), L.P., or ACP-Lantern Co-Invest LLC, such fees shall be excluded for the purpose of determining whether performance criteria based on the Company's EBITDA were satisfied in determining the amount, if any, of Executive's Annual Cash Bonus.

(d) Employee Benefit Plans. Executive shall be entitled to participate in all employee health and welfare plans and programs of the Company, in accordance with their respective terms, as may be amended from time to time, on a basis no less favorable than that made available to other senior executives of the Company. Coverage under such plans are governed by the applicable plan documents which shall be provided to Executive.

(e) Expenses. The Company shall reimburse Executive for reasonable travel and other business-related expenses incurred by Executive in connection with the fulfillment of his duties hereunder, upon presentation of proper receipts or other proof of expenditure and subject to the applicable expense reimbursement policies and procedures of the Company as in effect from time to time. Executive shall comply with such expense reimbursement policies and procedures as may be in effect from time to time. In addition, for a period of 12 months following the Start Date, Executive shall be reimbursed on a monthly basis an aggregate amount of one and a half times (1.5x) Executive's (i) properly documented commuting expenses to the Company's headquarters in North Billerica, Massachusetts, from Executive's current residence in the Princeton, New Jersey area, and (ii) living expenses for the renting of an apartment in the vicinity of the Company's headquarters; provided, however, that such aggregate reimbursement shall not exceed $7,500 per month.

(f) Vacation. Executive shall be entitled to four (4) weeks of vacation per year. Such vacations shall extend for such periods and be taken at such intervals as shall be appropriate and consistent with the proper performance of Executive's duties hereunder.

4. Termination of Employment.

(a) Termination By the Company Without Cause or By Executive With Good Reason. Except as provided in Section 4(b), if Executive's employment is terminated by the Company without "Cause," as that term is defined in Section 4(e) below, or Executive terminates his employment for "Good Reason," as that term is defined in Section 4(f) below, Executive shall receive the following, subject to Section 4(g):

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

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

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

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

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

(vi) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 3(e), incurred through the date of Executive's termination of employment.

(b) Termination Without Cause or For Good Reason following a Change of Control. If, within 12 months following the occurrence of a Change of Control (as defined in the Shareholders Agreement) of Holdings, Executive terminates his employment for Good Reason or the Company terminates Executive's employment with the Company without Cause, Executive shall receive the following, subject to Section 4(g):

(i) an amount equal to two times (2x) Executive's Base Salary on the date of termination, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(ii) an amount equal to two times (2x) the full Target Bonus for the year of termination, less taxes and withholdings, payable in substantially equal installments over a period of 12 months in accordance with the Company's normal payroll practices, with payments commencing with the Company's first payroll after the sixtieth (60th) day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

(iii) provided that Executive elects to purchase continued healthcare coverage under COBRA, an amount equal to the Company's portion of the premium for medical and dental benefits under the Company's group medical and dental plans that the Company was paying on Executive's behalf on the date of termination (which subsidy will be treated as imputed income) for a period of 18 months, with the first payment commencing on the Company's first payroll date after the 60th day following Executive's termination of employment, and such first payment shall include any such amounts that would otherwise be due prior thereto;

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

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

(vi) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 3(e), incurred through the date of Executive's termination of employment.

Executive acknowledges and agrees that, in connection with any Change of Control transaction, Executive shall not be entitled to receive, and shall not be paid, any transaction, success, sale or similar bonus or payment.

(c) Termination Due to Death or Permanent Disability. Executive's employment with the Company shall terminate automatically on Executive's death. In the event of Executive's Permanent Disability, the Company shall be entitled to terminate his employment. For purposes of this Agreement, the "**Permanent Disability**" of Executive shall mean Executive's inability, because of mental or physical illness or incapacity, whether total or partial, to perform one or more of the material functions of Executive's position with or without reasonable accommodation, for a period of: (i) 90 consecutive calendar days or (ii) an aggregate of 120 days out of any consecutive 12 month period, and which entitles Executive to receive benefits under a disability plan provided by the Company. In the event of a termination of employment under this section, Executive shall be entitled to following, subject to Section 4(g): (i) a lump sum amount equal to any earned, but unpaid, Annual Cash Bonus, if any, for the year prior to the year of termination, less taxes and withholdings, payable on the sixtieth (60th) day following Executive's termination of employment; (ii) a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings, which shall be payable on the first payroll date after Executive's termination of employment; (iii) a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 3(e), incurred through the date of Executive's termination of employment; and (iv) a pro rata portion of any Annual Cash Bonus, to the extent earned based on actual performance by the Company, that Executive would have been eligible to receive hereunder in the year of termination, based on the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment, payable at such time as any such Annual Cash Bonuses are paid to active senior executives of the Company.

(d) Other Terminations. Executive shall not be entitled to the post-termination benefits set forth in Section 4(a), Section 4(b) or Section 4(c) above if his employment with the Company ceases for any reason other than his termination by the Company without Cause, his resignation for Good Reason or his termination as a result of his death or Permanent Disability; it being understood that if Executive's employment with the Company ceases or terminates for any other reason, he will not be entitled to any severance or post-termination benefits or payments, whether hereunder or pursuant to any policy of the Company, other than a lump sum amount equal to any earned, but unpaid, Base Salary, if any, through the date of Executive's termination of employment, less taxes and withholdings (payable on the first payroll date after Executive's termination of employment), and a lump sum amount equal to any unreimbursed business expenses, if any, pursuant to and in accordance with Section 3(e), incurred through the date of Executive's termination of employment; provided, that this paragraph shall not alter Executive's rights or obligations he may have or be subject to in connection with or with respect to his equity interests in Holdings, and Executive's indemnification rights shall continue to be governed in accordance with any Directors and Officers Liability Insurance Policy that the Company may maintain and/or with the Company's certificate of incorporation or by-bylaws or similar governing document, and otherwise in accordance with Section 7.

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

(f) Good Reason Definition. For purposes of this Agreement, "**Good Reason**" means (i) a material and adverse reduction in the nature or scope of the responsibilities of, or title held by, Executive, including, for the avoidance of doubt, any action as a result of which Executive no longer has the title of Chief Executive Officer of the Company; (ii) a material breach by the Company of this Agreement; (iii) the transfer or relocation of Executive's principal place of employment to a location that is more than 50 miles from both of the Company's offices in North Billerica, Massachusetts, without Executive's prior consent; or (iv) prior to the First Public Offering (as defined in the Shareholders Agreement) of Holdings or the Company, whichever occurs earlier, the removal of Executive from the Board or any failure to elect Executive to the Board; provided, however, that, with respect to each of items (i) through (iv) in this paragraph, Executive must notify the Company in writing within thirty (30) days of the occurrence of such event, delineating with specificity the facts constituting the Good Reason and requesting that the Company remedy the situation ("**Notice to Cure**"), and the Company shall be given thirty (30) days from the date of receipt of the Notice Cure to remedy the alleged occurrence. Failing such a cure, a termination of employment by Executive for Good Reason shall be effective on the date following the expiration of such cure period. For the avoidance of doubt, (x) a change in Executive's reporting relationships, including but not limited to a change in the number of direct or indirect reports to Executive, shall not constitute a material and adverse reduction in Executive's responsibilities, and (y) commensurate with Executive performing his duties as CEO, Executive will be expected to work at the Company's headquarters in North Billerica, Massachusetts, as necessitated by business demands or as reasonably requested by the Board.

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

(h) Section 280G. If, immediately prior to a "change in ownership or control" of the Company (within the meaning of Section 280G of the Code ("**Section 280G**")), no stock in the Company is readily tradeable on an established securities market, then following the execution of any definitive agreement pursuant to which such "change in ownership or control" transaction would be effected, but in any event prior to the consummation of such change in ownership or control, the Company shall (i) solicit a waiver from Executive pursuant to which Executive shall waive his right to some or all of any payments and/or benefits payable as a result of or in connection with the "change in ownership or control" that would be deemed to constitute "parachute payments" within the meaning of Section 280G (the "**Waived 280G Benefits**") such that all remaining payments and/or benefits applicable to him shall not be deemed to be "excess parachute payments" (within the meaning of Section 280G), and (ii) solicit the approval of the stockholders of the Company (to the extent and in the manner required under Sections 280G(b)(5)(A)(ii) and 280G(b)(5)(B) of the Code) of any Waived 280G Benefits and other potential payments and/or benefits that, if paid or made by the Company could (as reasonably determined by the Company), in the absence of such stockholder approval, constitute "excess parachute payments" ("**Other Benefits**"). To the extent any of the Waived 280G Benefits or Other Benefits are not so approved by the stockholders as contemplated above, such Waived 280G Benefits and Other Benefits shall not be made or provided.

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

5. Restrictive Covenants.

(a) Confidential Information.

(i) Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information — including, without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals — concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party that has disclosed or provided any of same to the Company on a confidential basis (" **Confidential Information**") without the prior written authorization of the Board.

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

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's immediate family and legal or financial advisors, the existence or contents of this Agreement; provided, that Executive may disclose to any prospective future employer the provisions of Sections 5(a) and 5(c) of this Agreement provided they agree to maintain the confidentiality of such terms.

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

diaries that do not contain any Confidential Information; and (z) notify and fully cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware and promptly return any other Company property in Executive's possession.

(v) The provisions of this Section 5(a) shall survive the termination of Executive's employment for any reason.

(b) Intellectual Property.

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

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

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

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

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

(vi) The provisions of this Section 5(b) shall survive the termination of Executive's employment for any reason.

(c) Covenant Against Competition.

(i) Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and the Lantheus Affiliates and accordingly agrees as follows:

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

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

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

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

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

1) engage in any business that competes with the business or businesses of the Company or any of the Lantheus Affiliates, namely in the testing, development and manufacturing services for the development, manufacture,

distribution, marketing or sale of radiopharmaceutical products, contrast imaging agents, radioactive generators for the global medical imaging and pharmaceutical industries, and including, without limitation, businesses which the Company or the Lantheus Affiliates have specific plans to conduct in the future and as to which Executive is aware of such planning (a " **Competitive Business**");

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

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

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

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

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

1) solicit or encourage any employee or consultant of the Company or the Lantheus Affiliates to leave the employment of, or cease providing services to, the Company or the Lantheus Affiliates; or

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

(ii) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 5(c) to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(iii) The provisions of this Section 5(c) shall survive the termination of this Agreement and Executive's employment for any reason.

(d) Non-Disparagement.

(i) Executive agrees that, upon and following termination of Executive's employment with the Company for any reason, Executive will not make, publicly or privately, verbally or in writing, any false, disparaging, derogatory or otherwise inflammatory remarks about any of the Company, its parent, subsidiaries, and other related and affiliated companies, their employee benefit plans and trustees, fiduciaries, administrators, sponsors and parties-in-interest of those plans, and all of their past and present employees, managers, directors, officers, administrators, shareholders, members, agents, attorneys, insurers, re-insurers and contractors acting in any capacity whatsoever, and all of their respective predecessors, heirs, personal representatives, successors and assigns (collectively, the "**Released Parties**") and/or the conduct, operations or financial condition or business practices, policies or procedures of the Released Parties to any third party, and Executive will not make or solicit any comments, statements or the like to the media or to others that may be considered derogatory or detrimental to the good name and business reputation of any of the Released Parties; provided, however, that nothing in this paragraph is intended to prohibit Executive from providing truthful information to any government entity, arbitrator, or court, or to otherwise testify truthfully under oath, as required by law.

(ii) Upon and following termination of Executive's employment with the Company for any reason, the Board will not make, publicly or privately, verbally or in writing, any false, disparaging, derogatory or otherwise inflammatory remarks about Executive in connection with Executive's employment with the Company, or make or solicit any comments, statements, or the like to the media or to others that may be considered derogatory or detrimental to Executive's good name and business reputation; provided, however, that nothing in this paragraph is intended to prohibit the Company or the members of the Board from providing truthful information to any government entity, arbitrator, or court, or to otherwise testify truthfully under oath, as required by law.

(iii) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 5(d) to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(iv) The provisions of this Section 5(d) shall survive the termination of this Agreement and Executive's employment for any reason.

(e) Reasonable Restrictions; Right to Equitable Relief. Executive acknowledges and agrees that the restrictions and covenants set forth in this Section 5 are reasonable in geographic and temporal scope and in all other respects and necessary to protect the Company and its legitimate business interests. Executive understands and agrees that the Company will be irreparably injured by any breach of Section 5 and damages would be an inadequate remedy. Accordingly, Executive acknowledges that, in the event of Executive's breach or threatened breach of this Section 5, the Company shall be entitled to a restraining order in addition to preliminary, temporary and permanent injunctive relief or other equitable relief, without the requirement of posting a bond or other security; provided, however, that the granting of any such injunctive relief shall not prejudice the Company's right to seek monetary damages for any breach of this Section 5 and any damage that they have suffered thereby, and that the Company shall be entitled to attorneys' fees and costs incurred by the Company in enforcing the terms of this Section 5. Any right to obtain an injunction, restraining order, or other equitable relief under this Section 5 shall not be deemed to be a waiver of any right to any other remedy that the Company may have at law or in equity. Notwithstanding anything else to the contrary herein, in the event of any violation by Executive of this Section 5, the Company shall immediately have no obligation thereafter to make any payments to or confer any benefits on Executive that are set forth in this Agreement.

6. Indemnification. Executive shall be indemnified pursuant to and in accordance with the terms and conditions set forth in the Certificates of Incorporation of the Company and of Holdings, and in the Company's or Holdings' Directors and Officers Liability Insurance Policy then in effect, which policy shall provide Executive coverage, during and after his employment with the Company, on the same basis as the Company's other directors and officers.

7. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns and may be assigned by the Company without Executive's consent in connection with any person acquiring, whether by merger, consolidation, purchase of stock, assets or otherwise, all or substantially all of the Company's assets and business, and the successor shall be substituted for the Company under this Agreement.

8. Withholding. Any payments made or benefits provided to Executive under this Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

9. Cooperation. Executive agrees to cooperate fully and in good faith with the Company and its legal counsel, both during and after his employment with the Company, in connection with any defense, prosecution or investigation of any and all actual,

threatened, potential or pending court or administrative proceedings or other legal matters in which Executive may be involved as a party and/or in which the Company determines, in its sole discretion, that Executive is a relevant witness or has relevant knowledge or information. In connection with such matters, Executive agrees to notify, communicate and be represented by counsel of the Company's choosing, to fully cooperate and work with such counsel with respect to, and in preparation for, any depositions, interviews, responses, appearances, or other legal matters, and to testify honestly with respect to all matters. Executive is also entitled to appoint, at his request, his own legal counsel in addition to the Company's counsel in connection with any legal matters covered by this Agreement; provided, that, unless such legal matters relate to claims for which Executive is seeking indemnification, in which case the relevant insurance policy or other document, agreement or instrument governing Executive's to right to seek indemnification shall apply, the Company will pay the reasonable and documented expenses of Executive's own legal counsel if it is determined that Executive's interests are adverse to or in conflict with those of the Company and/or that providing counsel to Executive would be a conflict of interest.

10. Acknowledgement by Executive. Executive represents and warrants that (i) he is not, and will not become, a party to any agreement, contract, arrangement, understanding, covenant or restriction contained in any agreement that in any way restricts or prohibits him from undertaking or performing his duties in accordance with this Agreement or that restricts his ability to be employed by the Company in accordance with this Agreement; (ii) his employment by the Company will not violate the terms of any policy of any prior employer of Executive regarding competition or solicitation; and (iii) his position with the Company will not require him to improperly use any trade secrets or confidential information of any prior employer, or any other person or entity for whom he has performed services, and that he has not taken with him or disclosed to the Company any confidential information from any prior employment or any other entity for whom he has performed services.

11. Section 409A.

(a) The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with or be exempt from Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Section 409A.

(b) If any payment, compensation or other benefit provided to Executive under this Agreement in connection with Executive's "separation from service" (within the meaning of Section 409A) is determined, in whole or in part, to constitute "nonqualified deferred compensation" (within the meaning of Section 409A) and Executive is a specified employee (as defined in Section 409A(a)(2)(B)(i)) at the time of separation from service, no part of such payments shall be paid before the day that is six months plus one day after the date of separation or, if earlier, ten business days following Executive's death (the "**New Payment Date**"). The aggregate of any payments and benefits that otherwise would have been paid and/or provided to Executive during the period between the date of separation of service and the New Payment Date shall be paid to Executive in a lump sum on such New Payment Date. Thereafter, any payments and/or benefits that remain outstanding as of or following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(c) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "separation from service" (within the meaning of Section 409A), and for purposes of any such provision of this Agreement, references to a "resignation," "termination," "terminate," "termination of employment" or like terms shall mean separation from service (within the meaning of Section 409A).

(d) All expenses or other reimbursements as provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

(e) For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., payment shall be made within 30 days following the date of termination), the actual date of payment within the specified period shall be within the sole discretion of the Company.

12. Amendment; Waiver. This Agreement may not be modified, amended or waived in any manner, except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

13. Governing Law and Forum Selection.

(a) All disputes, claims or controversies arising out of or relating to this Agreement, or the negotiation, validity or performance of this Agreement, or the transactions contemplated hereby, shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

(b) In connection with any litigation arising out of or relating to this Agreement, the negotiation, execution, delivery, performance or validity of this Agreement, or the transactions contemplated hereby, each of the parties hereto irrevocably and unconditionally (i) consents to submit to the sole and exclusive jurisdiction of (x) any state court of the State of Delaware having subject matter jurisdiction over the matter and sitting in the city of Wilmington, Delaware or (y) any court of the United States located in the State of Delaware, if under applicable law exclusive jurisdiction over the matter is vested in the federal courts; (ii) agrees not to commence any litigation relating thereto except in the courts identified in accordance with clause (i) hereof and waives any objection to the laying of venue of any such litigation in any such court; and (iii) agrees not to plead or claim in any such court that such litigation brought therein has been brought in an inconvenient forum. Each of the parties hereto agrees that service of process may be made on such party by prepaid certified mail with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service. Service made pursuant to the preceding sentence shall have the same legal force and effect as if served upon such party personally within the State of Delaware.

14. Entire Agreement. This Agreement between the Company and Executive and the other agreements and arrangements referred to herein, each as amended from time to time, contains the entire agreement and understanding of the parties hereto with respect to the matters covered herein and supersedes all prior or contemporaneous negotiations, commitments, agreements and writings with respect to the subject matter hereof, all such other negotiations, commitments, agreements and writings shall have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing shall have no further rights or obligations there-under. This Agreement may not be changed or terminated orally but only by an agreement in writing signed by the parties thereto.

15. Counterparts. This Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

16. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

17. Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of the is Agreement, and this Agreement will be construed as if such invalid or unenforceable provision or portion of such provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

18. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company:

Lantheus Medical Imaging, Inc.
331 Treble Cove Road
North Billerica, Massachusetts 01862
Attention: General Counsel

To Executive:

Jeffrey Bailey
[ ]
or, if Executive moves, at his last address on record with the Company.

All such notices shall be conclusively deemed to be received and shall be effective (i) if sent by hand delivery, upon receipt, or (ii) if sent by electronic mail or facsimile, upon confirmation of receipt by the sender of such transmission, or (iii) if sent by courier or certified or registered U.S. mail, upon receipt.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its officer pursuant to the authority of its Board, and Executive has executed this Agreement, as of the day and year first written above.

LANTHEUS MEDICAL IMAGING, INC.

By /s/ LANTHEUS MEDICAL IMAGING, INC.
Name:
Title:

AGREED AND ACKNOWLEDGED:

LANTHEUS MI HOLDINGS, INC.

By /s/ LANTHEUS MI HOLDINGS, INC.
Name:
Title:
Date: May 8, 2013

ACCEPTED AND AGREED:

/s/ Jeffrey Bailey
Jeffrey Bailey
Date: May 8, 2013

Exhibit D

Prior Works

None

Exhibit 31.1

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

I, Jeffrey Bailey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: November 12, 2013

/s/ JEFFREY BAILEY

Name: Jeffrey Bailey

Title: *President and Chief Executive Officer*

QuickLinks

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

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 Golubieski, 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, 2013

/s/ JOHN GOLUBIESKI

Name: John Golubieski

Title: *Interim 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, 2013 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, 2013

/s/ JEFFREY BAILEY

Name: Jeffrey Bailey
Title: *President and Chief Executive Officer*

Dated: November 12, 2013

/s/ JOHN GOLUBIESKI

Name: John Golubieski
Title: *Interim 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.