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PROSPECTUS

LANTHEUS MEDICAL IMAGING, INC.

OFFER TO EXCHANGE
All Outstanding
9.750% Senior Notes due 2017 (the "Restricted Notes")
for
9.750% Senior Notes due 2017

the issuance of each of which has been registered under the Securities Act of 1933 (the "Exchange Notes" and, collectively with t
We refer herein to the foregoing offer to exchange as the "exchange offer."

The exchange offer will expire at 5:00 p.m., New York City time, on February 1, 2011, unless we extend the exchange offer i
discretion.

Material Terms of the Exchange Offer

- The only conditions to completing the exchange offer are that the exchange offer not violate applicable law or any applica Securities and Exchange Commission, which we refer to as the SEC or the Commission; no action or proceeding shall hav any court or by any governmental agency which might materially impair our ability to proceed with the exchange offer an shall have occurred in any existing action or proceeding with respect to us; and all governmental approvals shall have bee deem necessary for the consummation of the exchange offer.

- We will exchange all outstanding Restricted Notes that are validly tendered and not withdrawn prior to the expiration or t for an equal principal amount of Exchange Notes.
- You may withdraw tenders of Restricted Notes at any time prior to the expiration or termination of the exchange offer.
- Restricted Notes may be tendered only in minimum denominations of $2,000 and any integral multiple of $1,000 in exces
- The terms of the Exchange Notes are substantially identical in all material respects to those of the Restricted Notes, excep registration rights and additional interest provisions relating to the Restricted Notes do not apply to the Exchange Notes. T under the same indenture as the Restricted Notes.
- We will not receive any proceeds from the exchange offer.

Results of the Exchange Offer

- The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of s the Exchange Notes or Restricted Notes on a national market.
- All outstanding Restricted Notes not tendered will continue to be subject to the restrictions on transfer set forth in the outs related indenture. In general, outstanding Restricted Notes may not be offered or sold, unless registered under the Securiti "Securities Act"), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicab
- Other than in connection with the exchange offer, we do not plan to register the outstanding Restricted Notes under the Se

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will with any resale of the Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker- that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to dealer in connection with resales of Exchange Notes received in exchange for Restricted Notes where such Restricted Notes were acquir of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after the expiration date of the prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution" on page 199.

Consider carefully the "Risk Factors" beginning on page 16 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 30, 2010

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This prospectus incorporates by reference important business and financial information about us that is not included in or delivered information is available without charge to you upon written or oral request. If you would like a copy of any of this information, please su Medical Imaging, Inc., 331 Treble Cove Rd., Building 600-2, N. Billerica, Massachusetts 01862, Attention: General Counsel, (978) 671- delivery of such documents, you must request this information no later than five business days before the date you must make your inves should make any request for documents by January 25, 2011 to ensure timely delivery of documents prior to the expiration date.

No person has been authorized to give any information or to make any representations other than those contained in this prospectus information and representations must not be relied upon as having been authorized. This prospectus does not constitute an offer to sell or any securities other than the securities to which it relates or any offer to sell or the solicitation of an offer to buy such securities in any ci solicitation is unlawful. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any in change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

TRADEMARKS

We own or have the rights to various trademarks, service marks and trade names, including, among others, the following: DEFINIT Cardiolite®, Neurolite®, Vialmix® and Lantheus Medical Imaging® referred to in this prospectus. Solely for convenience, we refer to t names in this prospectus without the ™, SM and ® symbols. Such references are not intended to indicate, in any way, that we will not ass under applicable law, our rights to our trademarks, service marks and trade names. Each trademark, trade name or service mark of any ot prospectus, such as Myoview®, Vasovist® and Optison® are, to our knowledge, owned by such other company.

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SUMMARY

This summary highlights information appearing elsewhere in this prospectus. You should carefully read the entire prospectus, inclu Factors," and the financial statements and related notes before deciding to participate in the exchange offer. Unless the context requires "Lantheus," "our company," "we," "us" and "our" refer to Lantheus Medical Imaging, Inc. and its direct and indirect subsidiaries, refere refer to Lantheus MI Intermediate, Inc., and references to "Holdings" refer to Lantheus MI Holdings, Inc.

Overview

We are a leading specialty pharmaceutical company that develops, manufactures and distributes innovative diagnostic medical imag current imaging agents primarily assist in the diagnosis of heart, vascular and other diseases using nuclear imaging, echocardiography an ("MRI") technologies. We also have a full clinical and preclinical development pipeline of next-generation and first-in-class products tha Tomography ("PET") and MRI technologies. We believe that our products offer significant benefits to patients, healthcare providers and result of more accurate diagnosis of disease, we believe our products allow healthcare providers to make more informed patient care deci outcomes, reducing patient risk and decreasing costs for payors and the entire healthcare system.

With direct operations in the United States, Puerto Rico, Canada and Australia, we have a long and distinguished history of develop innovative market-changing products. Our principal branded products include DEFINITY, Cardiolite and TechneLite, which, in the aggr 76% of our total revenues in 2009.

- ***DEFINITY.*** DEFINITY Vial for (Perflutren Lipid Microsphere) Injectable Suspension is the leading ultrasound contrast the heart, also known as echocardiographic exams.

- ***Cardiolite.*** Cardiolite (Kit for Preparation of Technetium Tc99m Sestamibi for Injection) is the leading technetium-based Single Photon Emission Computed Tomography ("SPECT") myocardial perfusion imaging ("MPI") procedures. Cardiolit coronary artery disease.

- ***TechneLite.*** TechneLite is a technetium-based generator which provides the essential medical isotope used by radiopharm other Tc-99m-based radiopharmaceuticals used in nuclear medicine procedures.

In addition to our broad portfolio of products developed internally, which are protected by patents we own in the United States and actively seek acquisition, in-licensing and co-promotion opportunities to further expand our portfolio and leverage our core capabilities i space. We purchased from EPIX Pharmaceuticals, Inc. ("EPIX") its U.S., Canadian and Australian rights to Ablavar, a magnetic resonan agent recently approved by the U.S. Food and Drug Administration ("FDA"), in April 2009 and the balance of the worldwide rights in Ju based contrast agent indicated to evaluate aortoiliac occlusive disease in adults with known or suspected peripheral vascular disease and for an MRA indication in the United States.

We distribute our products in the United States and internationally through radiopharmacies, distributor relationships and our direct own radiopharmacies and sell directly to end-users in Australia, Canada and Puerto Rico. In the rest of the world, including Europe, Asia distributor relationships to distribute our products.

To supplement our portfolio of marketed products, we have an experienced research and development ("R&D") team with expertise and clinical development continuum, including Phase IV post-marketing studies.

Risks Associated with Our Business

You should carefully consider the risks discussed in the "Risk Factors" section beginning on page 16 of this prospectus, together wi in this prospectus, prior to deciding whether to participate in the exchange offer or invest in the notes. Some of these risks include:

- The global supply of Molybdenum-99 ("Moly") is fragile and not stable, and we depend on a limited number of third part from delivering our products to our customers in the required quantities, within the required timeframes, or at all, resultin decreased revenues;
- a significant portion of our patient volume is derived from U.S. government healthcare programs, principally Medicare, w subject to frequent and substantial changes, including increasing cost containment pressures;
- the process of developing new drugs and obtaining regulatory approval for our product candidates is complex, time-consu is not certain; and
- the market for diagnostic medical imaging agents is highly competitive and continually evolving, with our principal comp companies and certain of our products subject to generic competition.

Corporate History

Founded in 1956 as New England Nuclear Corporation, we were purchased by E. I. du Pont de Nemours and Company in 1981. Bri ("BMS") subsequently acquired the diagnostic medical imaging business as part of its acquisition of DuPont Pharmaceuticals in 2001. A affiliates (collectively, "Avista") acquired the medical imaging business from BMS in January 2008 (the "Acquisition").

Our Sponsor

Avista is a leading private equity firm with offices in New York, NY, Houston, TX and London, UK. Founded in 2005 as a spin-ou Banking Partners ("DLJMB") franchise, Avista's strategy is to make controlling or influential minority investments primarily in growth-o consumer and industrial companies. Through its team of seasoned investment professionals and industry experts, Avista seeks to partner teams to invest in and add value to well-positioned businesses.

Our Executive Offices

Our principal executive offices are located at 331 Treble Cove Road, North Billerica, Massachusetts 01862, and our telephone numb 8001. Our web site is located at www.lantheus.com. The information on our web site is not part of, and is not incorporated into, this pros

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Summary of the Terms of the Exchange Offer

On May 10, 2010, we completed the private offering of $250,000,000 aggregate principal amount of our Restricted Notes. We refer
Notes in this prospectus as the "original issuance."

At the time of the original issuance, we entered into a registration rights agreement with the initial purchasers of the Restricted Note
other things, complete an exchange offer for the Restricted Notes. You are entitled to exchange your Restricted Notes in the exchange of
below) with identical terms, except that the Exchange Notes will have been registered under the Securities Act, will not bear legends rest
additional interest provisions. The Exchange Notes will be issued under the same indenture as the Restricted Notes. Unless you are a bro
in the exchange offer, we believe that the Exchange Notes to be issued in the exchange offer may be resold by you without compliance w
delivery requirements of the Securities Act. You should read the discussions under the headings "The Exchange Offer" and "Description
information regarding the Exchange Notes.

Registration Rights Agreement

Under the registration rights agreement, we are obligated to offer to
Exchange Notes with substantially identical terms. The exchange of
obligation. After the exchange offer is complete, you will no longer
registration rights with respect to your Restricted Notes.

The Exchange Offer

We are offering to exchange up to $250,000,000 aggregate principa
Exchange Notes due 2017 (the "Exchange Notes") for a like princip
to satisfy our obligations under the registration rights agreement.

If we fail to satisfy our registration obligations under the registratio
required, our obligation to have an effective shelf registration staten
may be required to pay additional interest to the holders of the Restr
1.00% per year. See "The Exchange Offer—Purpose and Effect."

In order to be exchanged, Restricted Notes must be properly tendere
Notes that are validly tendered and not validly withdrawn will be ac

We will issue the Exchange Notes promptly after the expiration of t

Resales of the Exchange Notes

We believe that the Exchange Notes to be issued in the exchange of
resold and otherwise transferred by you without compliance with th
delivery provisions of the Securities Act if, but only if, you meet the

- the Exchange Notes to be issued to you in the exchange o
  course of your business;

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- at the time of the commencement of the exchange offer, y
  understanding with any person to participate in the distrib
  Securities Act) of the Exchange Notes to be issued to you
  of the Securities Act;
- you are not our affiliate, as that term is defined in Rule 40
- you are not engaging in, and do not intend to engage in, a
  to be issued to you in the exchange offer;
- if you are a participating broker-dealer that will receive E
  account in exchange for the Restricted Notes that were ac
  or other trading activities, that you will deliver a prospect
  the Exchange Notes; and
- you are not acting on behalf of any persons or entities wh
  foregoing representations.

Our belief is based on interpretations by the staff of the Commissio
issued to third parties unrelated to us. The staff has not considered t
a no-action letter, and we cannot assure you that the staff would ma
respect to the exchange offer.

If you do not meet the above conditions, you may not participate in
or otherwise dispose of any Restricted Notes unless (i) they have be
under the Securities Act and you deliver a "resale" prospectus meeti
Securities Act or (ii) you sell, transfer or otherwise dispose of the E
an applicable exemption from the registration requirements of the S
Each broker-dealer that received Exchange Notes in the exchange o
exchange for Restricted Notes that were acquired by that broker-dea
activities or other trading activities must acknowledge that it will de
requirements of the Securities Act in connection with any of its resa
broker-dealer may use this prospectus to offer to resell, resell or oth
Notes. See "Plan of Distribution." A broker-dealer may use this pros
otherwise transfer those Exchange Notes for a period of 180 days af
offer.

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Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, o
decide to extend the exchange offer. We do not intend to extend the
reserve the right to do so. If we determine to extend the exchange o
beyond February 9, 2011.

Conditions to the Exchange Offer

The only conditions to completing the exchange offer are that:

- the exchange offer does not violate applicable law or any
staff of the Commission;
- no action or proceeding shall have been instituted or threa
governmental agency which might materially impair our a
offer, and no material adverse development shall have occ
proceeding with respect to us; and
- all governmental approvals shall have been obtained, whi
for the consummation of the exchange offer.

See "The Exchange Offer—Conditions to the Exchange Offer."

Procedure for Tendering Restricted Notes

The Restricted Notes were issued as global securities in fully registe
Beneficial interests in the Restricted Notes which are held by direct
Depository Trust Company ("DTC") through certificateless deposita
transfers of the Restricted Notes can be made only through, records
DTC with respect to its participants.

If you are a holder of a Restricted Note held in the form of a book-e
your Restricted Note for exchange pursuant to the exchange offer, y
Trust FSB, as exchange agent, on or prior to the expiration of the ex

- a written or facsimile copy of a properly completed and e
other required documents to the address set forth on the c
transmittal; or
- a computer-generated message transmitted by means of D
Program (ATOP) system and forming a part of a confirma
which you acknowledge and agree to be bound by the ter

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The exchange agent must also receive on or prior to the expiration d

- a timely confirmation of book-entry transfer of your origi account at DTC, in accordance with the procedure for boo prospectus under the heading "The Exchange Offer—Boo
- the documents necessary for compliance with the guarant below.

A form of letter of transmittal accompanies this prospectus. By exa delivering a computer-generated message through DTC's Automate system, you will represent to us that, among other things:

- the Exchange Notes to be issued to you in the exchange o course of your business;
- at the time of the commencement of the exchange offer, y understanding with any person to participate in the distrib Securities Act) of the Exchange Notes to be issued to you of the Securities Act;
- you are not our affiliate, as that term is defined in Rule 40
- you are not engaging in, and do not intend to engage in, a to be issued to you in the exchange offer;
- if you are a participating broker-dealer that will receive E account in exchange for the Restricted Notes that were ac or other trading activities, that you will deliver a prospect the Exchange Notes; and
- you are not acting on behalf of any persons or entities wh foregoing representations.

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Special Procedure for Beneficial Owners

If you are the beneficial owner of Restricted Notes and they are regi
dealer, commercial bank, trust company or other nominee, and you
Notes, you should promptly contact the person in whose name your
instruct that person to tender on your behalf. Any registered holder
entry transfer facility system may make book-entry delivery of the
transfer the Restricted Notes into the exchange agent's account. If y
behalf, you must, prior to completing and executing the letter of tra
and delivering your Restricted Notes, either make appropriate arran
the Restricted Notes in your name or obtain a properly completed b
whose name your Restricted Notes are registered. The transfer of re
considerable time.

Guaranteed Delivery Procedures

If you wish to tender your Restricted Notes and:

- they are not immediately available;
- time will not permit your Restricted Notes or other requir
  exchange agent before the expiration of the exchange offe
- you cannot complete the procedure for book-entry transfe

you may tender your Restricted Notes in accordance with the guara
in "The Exchange Offer—Procedures for Tendering Restricted Note

Acceptance of Restricted Notes and Delivery of Exchange Notes

Except under the circumstances described above under "Conditions
accept for exchange any and all Restricted Notes which are properly
prior to 5:00 p.m., New York City time, on the expiration date. The
you in the exchange offer will be delivered promptly following the
Offer—Terms of the Exchange Offer."

Withdrawal

You may withdraw the tender of your Restricted Notes at any time
time, on the expiration date. We will return to you any Restricted N
any reason without expense to you promptly after the expiration or

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Use of Proceeds	The exchange offer is intended to satisfy our obligations under the r will not receive any cash proceeds from the issuance of the Exchang Accordingly, the issuance of the Exchange Notes will not result in a indebtedness or change in our capitalization. We will bear the exper "Use of Proceeds."
Exchange Agent	Wilmington Trust FSB is serving as the exchange agent in connecti
Consequences of Failure to Exchange	If you do not participate in the exchange offer, upon completion of t the market for your Restricted Notes could be adversely affected. Se Consequences of Failing to Exchange Restricted Notes."
Federal Income Tax Consequences	The exchange of Restricted Notes for Exchange Notes will not be a tax purposes. See "Certain U.S. Federal Income Tax Considerations

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Summary of the Terms of the Exchange Notes

The summary below describes the principal terms of the Exchange Notes. Some of the terms and conditions described below are sul exceptions. The "Description of the Exchange Notes" section of this prospectus contains a more detailed description of the terms and cor

Issuer	Lantheus Medical Imaging, Inc.
Exchange Notes Offered	$250,000,000 aggregate principal amount of our 9.750% Senior Notes due 2017.
Maturity Date	May 15, 2017.
Interest	The Exchange Notes will bear interest at a rate of 9.750% per year. Interest will be computed comprised of twelve 30-day months.
Interest Payment Dates	We will pay interest on the Exchange Notes semi-annually, in arrears, on May 15 and Novem 2010.
Ranking	The Exchange Notes will be our senior unsecured obligations. Accordingly, they will rank: • effectively subordinate to all of our existing and future secured indebtedness, including i credit facility, to the extent of the value of the collateral securing such indebtedness; • effectively subordinate to all existing and future indebtedness and other liabilities of any than indebtedness and other liabilities owed to us); • equal in right of payment to all of our existing and future senior unsecured indebtedness; • senior in right of payment to all of our future senior subordinated indebtedness. As of September 30, 2010, we had total indebtedness in an aggregate principal amount of $25 the Restricted Notes subject to the Exchange Offer, none of which was secured indebtedness a right of payment to the notes.
Guarantees	The Exchange Notes will be fully and unconditionally guaranteed on a senior unsecured basis Intermediate, and by each of our existing and future wholly-owned domestic subsidiaries. In t released or terminated under certain circumstances. See "Description of the Exchange Notes–

Each guarantee will rank:

- effectively subordinate to all existing and future secured indebtedness of the guarantor, i indebtedness under our revolving credit facility, to the extent of the value of the collatera
- equal in right of payment to all existing and future senior indebtedness of the guarantor;
- senior in right of payment to all existing and future senior subordinated indebtedness of

Our foreign subsidiaries and any future unrestricted subsidiaries will not guarantee our obliga the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidia subsidiaries will pay the holders of their debts and their trade creditors before they will be abl us. For the nine months ended September 30, 2010, our non-guarantor subsidiaries accounted total revenues. In addition, as of September 30, 2010, our non-guarantor subsidiaries held app consolidated assets and had approximately 5.1% of liabilities (including trade payables), to w would have been structurally subordinated.

Optional Redemption

At any time prior to May 15, 2013, we may redeem up to 35% of the aggregate principal amo net cash proceeds of certain equity offerings at the redemption price set forth under "Descripti Optional Redemption."

At any time prior to May 15, 2014, we may redeem the Exchange Notes, in whole or in part, a set forth under "Description of the Exchange Notes—Optional Redemption."

On and after May 15, 2014, we may redeem the Exchange Notes, in whole or in part, at the re "Description of the Exchange Notes—Optional Redemption."

Certain Covenants

The indenture governing the Exchange Notes will contain covenants that, among other things, our restricted subsidiaries to:

- incur additional debt;
- pay dividends or make other distributions;
- redeem stock;
- issue stock of subsidiaries;

	• make certain investments; • create liens; • enter into transactions with affiliates; and • merge, consolidate or transfer all or substantially all of our assets. These covenants are subject to important exceptions and qualifications. See "Description of th Covenants."
Change of Control	If a change of control occurs, we must offer to repurchase the Exchange Notes at the price set Exchange Notes—Repurchase at the Option of Holders—Change of Control."
Form and Denomination	The Exchange Notes will be book-entry only and registered in the name of DTC or its nomine issuable in minimum denominations of $2,000 and integral multiples of $1,000 in excess ther
Risk Factors	Investing in the Exchange Notes involves substantial risks. You should consider carefully the entitled "Risk Factors" beginning on page 16 and all other information contained in this prosp the Exchange Notes.

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Summary Consolidated Financial Data

The following table sets forth (i) summary consolidated financial data for Lantheus Intermediate, our parent company and a guarant
of and for the nine months ended September 30, 2009 and 2010, which have been derived from the unaudited consolidated financial state
included elsewhere in this prospectus, (ii) summary consolidated financial data for Lantheus Intermediate, our parent company and a gua
for the fiscal years ended December 31, 2008 and 2009, which have been derived from the audited consolidated financial statements of L
elsewhere in this prospectus and (iii) summary consolidated financial data for Bristol-Myers Squibb Medical Imaging, Inc. ("BMSMI") (
division of BMS and now known as Lantheus Medical Imaging, Inc.) for the year ended December 31, 2007, which have been derived fr
of BMSMI included elsewhere in this prospectus.

The financial statements of BMSMI for the year ended December 31, 2007 were prepared in connection with Avista's acquisition of
contain expense allocations for corporate functions historically provided to BMSMI by BMS and not costs that we would have incurred a
statements have been prepared using the Predecessor's bases in the assets and liabilities and the historical results of operations. As a resu
BMSMI for the year ended December 31, 2007 are not comparable to our financial statements for subsequent periods. See "Basis of Fina

The summary consolidated financial data set forth below and elsewhere in this prospectus are not necessarily indicative of our futur
this information together with "Capitalization," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Fina
Operations" and the audited and unaudited consolidated financial statements and related notes included elsewhere in this prospectus.

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	Predecessor	Successor			
	Year Ended December 31,			Nine Months Ended September 30,	
	2007	2008	2009	2009	2010
	(dollars in thousands)				
Statement of Operations:					
Total revenues	$ 629,177	$ 536,844	$ 360,211	$ 277,675	$ 259,1
Cost of goods sold(1)	223,674	244,496	184,844	139,988	139,5
General and administrative expenses(1)	28,331	64,909	35,430	27,056	22,5
Sales and marketing expenses(1)	64,724	45,730	42,337	30,904	33,8
Research and development expense	50,005	34,682	44,631	32,117	34,9
In-process research and development	—	28,240	—	—	
Restructuring and other charges, net	9,841	—	—	—	
Operating income	252,602	118,787	52,969	47,610	28,1
Interest expense	—	31,038	13,458	11,214	13,9
Interest income	—	693	73	49	1
Loss on early extinguishment of debt	—	—	—	—	3,0
Other (expense) income, net	(4,224)	2,950	2,720	3,109	5
Income before income taxes	248,378	91,392	42,304	39,554	11,8
Income tax provision	97,073	48,606	21,952	21,527	4,2
Net income	$ 151,305	$ 42,786	$ 20,352	$ 18,027	$ 7,5
Statement of Cash Flows Data:					
Net cash flows provided by (used in):					
Operating activities	$ 243,218	$ 178,445	$ 95,783	$ 76,728	$ 26,8
Investing activities	(4,808)	(530,832)	(38,351)	(35,596)	(5,3
Financing activities	(235,880)	376,466	(49,102)	(41,802)	(17,0
Other Financial Data:					
EBITDA(2)	$ 320,366	$ 192,797	$ 96,214	$ 79,807	$ 51,4
Adjusted EBITDA(2)	332,592	248,091	99,935	81,827	57,7
Capital expenditures	4,808	12,175	8,856	6,101	5,1

	Successor
	As of September 30, 201
Balance Sheet and Other Data:	
Cash and cash equivalents	$ 36,4
Total assets	519,5
Total long-term debt	250,0
Total stockholder's equity	155,3
Net debt(3) to Adjusted EBITDA(2)	2.8x

(1) For comparability purposes, a reclassification totaling $15,788 has been made from general and administrative a cost of goods sold in the Predecessor period to be consistent with the Successor period presentation. Accordingl corresponding amounts in the audited financial statements of the Predecessor included elsewhere in this prospec

(2) EBITDA is defined as net income plus interest, income taxes, depreciation and amortization. EBITDA is a meas measure operating performance. Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual i Adjusted EBITDA is used by management to measure operating performance and by investors to measure a con and meet its other cash needs. Management believes that the inclusion of the adjustments to EBITDA applied in appropriate to provide additional information to investors about our performance across reporting periods on a

consistent basis by excluding items that we do not believe are indicative of our core operating performance. See

The following table provides a reconciliation of our net income to EBITDA and Adjusted EBITDA for the perio

	Predecessor	Successor			
	Year Ended December 31,			Nine Months Ended September 30,	
	2007	2008	2009	2009	2010
	(dollars in thousands)				
Net income	$ 151,305	$ 42,786	$ 20,352	$ 18,027	$ 7,594
Interest expense, net	—	30,345	13,385	11,165	13,814
Provision for income taxes(a)	97,073	46,131	20,392	19,278	3,446
Depreciation and amortization	71,988	73,535	42,085	31,337	26,604
EBITDA	320,366	192,797	96,214	79,807	51,458
Non-cash stock-based compensation	2,385	1,368	1,209	706	397
Loss on early extinguishment of debt	—	—	—	—	3,057
Inventory step-up expense(b)	—	8,189	—	—	—
Acquired in-process R&D(c)	—	28,240	—	—	—
Severance costs(d)	9,841	13,775	—	—	130
Transaction expenses(e)	—	2,742	—	—	—
Sponsor fee(f)	—	980	1,060	750	750
Ablavar technology transfer costs(g)	—	—	910	564	1,493
Ablavar launch costs(h)	—	—	542	—	509
Adjusted EBITDA	$ 332,592	$ 248,091	$ 99,935	$ 81,827	$ 57,794

(a) Represents provision for income taxes less tax indemnification associated with an agreement with BMS

(b) Represents the revaluation of inventory as a result of the impact of purchase accounting in connection w

(c) Represents in-process R&D relating to our acquisition. Immediately following the closing of the acquis expensed.

(d) In 2007, consists of severance costs relating to a work force reduction of approximately 150 employees 2008, consists of severance costs relating to the closure of our European operations following our acqui severance costs relating to one of our executive officers.

(e) Represents legal, information technology and human resource advisory services and other advisory fees acquisition.

(f) Represents annual sponsor monitoring fee and related expenses.

(g) Represents sales and marketing costs associated with technology transfers to establish a second manufa

(h) Represents costs associated with the launch of Ablavar.

(3) Net debt is a non-GAAP financial measure and is defined as total debt minus cash and cash equivalents (other th

(4) Net debt to Adjusted EBITDA is defined as net debt divided by Adjusted EBITDA for the most recent twelve m

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The following table provides a reconciliation of our total long-term debt to net debt and the net debt to Adjusted EBITDA calcula

Total long-term debt	$ 250,000
Less: Cash	(36,447)
Net debt	213,553
Last three months 2009 Adjusted EBITDA	18,108
First nine months 2010 Adjusted EBITDA	57,794
Most recent twelve months Adjusted EBITDA	75,902
Net debt to Adjusted EBITDA	2.8x

We have included information concerning our net debt to Adjusted EBITDA in this prospectus because we believe that such info as one measure of a company's historical performance.

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RISK FACTORS

Participation in the exchange offer and an investment in the notes involves a high degree of risk. You should carefully consider the with the other information contained in this prospectus, before making your decision to participate in the exchange offer or invest in the well as other risks and uncertainties that are not currently known to us or that we currently deem to be immaterial, could harm the value business and financial results and thus indirectly cause the value of the notes to decline. As a result of any of these risks, known or unkno your investment in the notes.

Risks Relating to our Business and Industry

The global supply of Moly is fragile and not stable. Our dependence on a limited number of third party suppliers for Moly could prev products to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellation

A critical ingredient of TechneLite, currently our largest product by annual revenues, is Moly. There are six major reactors located a large scale amounts of Moly: NRU located in Canada; HFR located in The Netherlands; BR2 located in Belgium; OSIRIS located in Fra Africa; and OPAL located in Australia. Moly produced at these reactors is then finished at one of five processing sites: Nordion (formerl Canada; Covidien in The Netherlands; Institute for Radioelements ("IRE") in Belgium, which also processes raw Moly from several othe Radioisotopes (Pty) Ltd. ("NTP") in South Africa; and the Australian Nuclear Science and Technology Organisation ("ANSTO") in Aust technetium generator manufacturers, including us. Historically, our largest supplier of Moly has been Nordion which has relied on the N AECL, a Crown corporation of the Government of Canada, located in Chalk River, Ontario. This reactor was off-line from May 2009 un water" leak in the reactor vessel. Historically, our largest supplier of Moly has been Nordion which has relied on the NRU reactor owned corporation of the Government of Canada, located in Chalk River, Ontario. The reactor was off-line from May 2009 until August 2010 d reactor vessel. The inability of the NRU reactor to produce Moly and Nordion to finish Moly during the shutdown period had a detrimen operations and cash flows. As a result of the NRU reactor shutdown, we experienced business interruption losses. The quantity of such lo aggregate, up to $70 million, including increases in the cost of obtaining limited amounts of Moly from alternate, more distant, suppliers revenue as a result of significantly curtailed manufacturing of Technelite generators and our decreased ability to sell other Moly-based m Cardiolite, in comparison to our forecasted results. Although the NRU reactor returned to service and we are receiving substantial amoun our customers' needs, the NRU reactor's current license expires in 2011. Although the Government of Canada previously publicly stated business in the longer term, AECL and the Government of Canada recently stated that they intend to apply to extend the license for the N years to 2016. However, we cannot assure you that the license will be extended beyond 2011. There can also be no assurance that the NR planned or unplanned shutdowns in the future. Further prolonged planned or unplanned shutdowns would limit the amount of Moly avail TechneLite that we could manufacture, distribute and sell, resulting in a further substantial negative effect on our business, results of ope cash flows.

In the face of the NRU reactor operating challenges, the lack of a long-term commitment by the Government of Canada to the medi reactor re-licensure risks in 2011, we entered into Moly supply agreements with NTP and IRE to augment our supply of Moly. While thi us to continue to manufacture and sell technetium generators during

the NRU reactor shutdown, this replacement Moly production capacity was not, and for the immediate future will not be, able to replace otherwise receive from Nordion. Moreover, any further disruption of service from any of our Moly suppliers could have a material adver operations, financial condition and cash flows. We are also pursuing additional sources of Moly from potential new producers around the current supply, but we cannot assure you that these possible additional sources of Moly will result in commercial quantities of Moly for suppliers together with our current suppliers will be able to deliver a sufficient quantity of Moly to meet our needs.

U.S., Canadian and international governments have encouraged the development of a number of alternative Moly production projec technologies as well as new technologies. However, the Moly produced from these projects will likely not become available until 2013,

With the general instability in the global supply of Moly and recent supply shortages, we have faced substantial increases in the cos historical costs. We attempt to pass these Moly cost increases on to our customers in our customer contracts. If we are not able to do so i decline further with respect to our TechneLite generators, which could have a material adverse effect on our business, results of operatio flows. In addition, the instability in the global supply of Moly resulted in Moly producers requiring, in exchange for fixed Moly prices, s take-or-pay obligations. If we are contractually obligated to purchase greater volumes of Moly than we can sell, these supply minimums effect on our business, results of operations, financial condition and cash flows.

The Moly supply shortage also had an incremental negative effect on the use of other technetium generator-based diagnostic medica Cardiolite. With less Moly, we manufactured fewer generators for radiopharmacies and hospitals to make up unit doses of Cardiolite, res Cardiolite in favor of Thallium, an older medical isotope that does not require Moly, and other diagnostic modalities. However, we belie the NRU reactor, Cardiolite sales will benefit. In addition, since the NRU reactor restart, Thallium demand has decreased but not yet to p demand has increased, but also not to its pre-shortage levels. We believe that eventually the relative demand for Thallium and TechneLit If the Moly supply challenges again become acute, there may be further negative effects on our business, results of operations, financial

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

We obtain a substantial portion of our products from third party suppliers. We rely on sole source manufacturing for DEFINITY at ("BVL") and Ablavar at Covidien PLC. We also rely on BVL for a majority of our Cardiolite supply and certain TechneLite accessories. assurance or cost effectiveness, we purchase certain components and raw materials from sole suppliers. Because we do not control the ac products we sell, we may be subject to delays caused by interruption in production based on conditions outside of our control. At our No facility, we manufacture TechneLite on a relatively new, highly automated production line, as well as Thallium and Gallium using our ol one of our manufacturing partners experiences an event, including a labor dispute, natural disaster, fire, power outage, security or other i manufacture the relevant products at previous levels, if at all. Due to the stringent regulations and requirements of the governing regulato manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain components or

materials. In July 2010, BVL temporarily shut down the facility where they manufacture DEFINITY, Cardiolite and other products in or certain European Medicines Agency ("EMEA") requirements. BVL has planned for the shutdown to run through March 2011. In anticipa inventory of these products to meet our expected needs during this period. There can be no assurance that BVL's facility will return to se inventory supplied will be sufficient to meet demand for our products during the shutdown period.

We have initiated technology transfer activities to establish and secure a second source of supply for each of DEFINITY and Ablava that these activities will be maintained, will be successful, or that before such second source manufacturers are fully functional that we w possible interim supply shortages. In addition, we cannot assure you that our existing suppliers or any new suppliers can adequately main regulatory compliance to allow continued production and supply. A reduction or interruption in manufacturing, or an inability to secure a or components, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are highly dependent on payments from third party healthcare payors, including government sponsored programs, particularly M other countries in which we operate, and reductions in third party coverage and reimbursement rates for our products could adversel operations.

A substantial portion of our revenue depends, in part, on the extent to which the costs of our products are reimbursed by third party including Medicare, Medicaid and other U.S. government sponsored programs as well as other non-U.S. governmental payors and privat exercise significant control over patient access and increasingly use their enhanced bargaining power to secure discounted rates and othe the cost of service or reduce demand for our products. Our potential customers' ability to obtain appropriate reimbursement for products payors affects the selection of products they purchase and the prices they are willing to pay. If these third party payors do not provide ap costs of our products, deny their coverage or reduce their current levels of reimbursement, healthcare professionals may not prescribe ou suppliers may not purchase our products. In addition, demand for new products may be limited unless we obtain favorable reimbursemen coding and payment) from governmental and private third party payors at the time of the product's introduction. Third party payors conti policies for existing and new therapies and can deny coverage for treatments that include the use of our products or revise payment polic adequately cover the cost of our products. Even if third party payors make coverage and reimbursement available, such reimbursement m reimbursement policies may have an adverse effect on our business, results of operations, financial condition and cash flows.

Over the past several years, Medicare has implemented numerous changes to payment policies for imaging procedures, some of wh utilization of imaging services. These include limiting payments in physician offices and free-standing imaging facility settings based up departments, reducing payments for certain imaging procedures when performed together with other imaging procedures in the same fam significant revisions to the methodology for determining the practice expense portion of Medicare payment, which covers physician offic equipment and supplies. In 2010, the U.S. government's Centers for Medicare and Medicaid Services ("CMS"), which administers the M transition to changes in the practice expense methodology based upon the Physician Practice Information Survey ("PPIS"), which collect practice expenses by specialty. For 2010, CMS estimated that these and other changes to Medicare

payment policy would reduce payments for cardiology services by approximately 8% and for nuclear medicine services by 18%. Cardiol key specialties performing imaging procedures using our products. Unless Medicare changes its plans to implement the PPIS fully by 20 changes, payments are expected to be reduced further by 2013.

Reforms to the United States healthcare system may adversely affect our business.

A significant portion of our patient volume is derived from U.S. government healthcare programs, principally Medicare, which are l frequent and substantial changes. For example, in March 2010, the President signed one of the most significant healthcare reform measur Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "H a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abu government healthcare programs and will result in the development of new programs. We cannot assure you that the Healthcare Reform business and financial results, and we cannot predict how future federal or state legislative or administrative changes relating to healthca

We expect that the Healthcare Reform Act and other healthcare reform measures that may be adopted in the future, such as the Heal a non-deductible excise tax on pharmaceutical manufacturers or importers who sell "branded prescription drugs," could have a material a generally and our ability to successfully commercialize our products or could limit or eliminate our spending on development projects.

The Healthcare Reform Act could potentially reduce the number of diagnostic medical imaging procedures performed or could reduc paid for such procedures.

The Healthcare Reform Act is expected to extend coverage to approximately 32 million previously uninsured Americans. However, any, of those additional insureds would be current or future candidates for diagnostic medical imaging or, if as a result of such larger poo aggregate number of diagnostic medical imaging procedures performed in the United States would increase.

Further, the implementation of the Healthcare Reform Act could potentially reduce the aggregate number of diagnostic medical ima United States. Under the Healthcare Reform Act, referring physicians under the federal self-referral law must inform patients that they m imaging services from a provider other than that physician, his or her group practice, or another physician in his or her group practice. Th each patient with a written list of other suppliers who furnish such services in the area in which the patient resides. This new information shifting where certain diagnostic medical imaging procedures are performed, which could potentially reduce the overall number of diagn performed.

For 2010, CMS reduced the per procedure medical imaging reimbursement in the physician office and free-standing imaging facilit reductions in payments through 2013. This could result in physicians or group practices ceasing to provide these services and have the fu certain medical imaging procedures are performed from the physician office and free-standing imaging facility setting to the hospital out potentially reduce the overall number of diagnostic medical imaging procedures performed. Further, this could slow the acceptance and i imaging equipment into the marketplace, which, in turn, could adversely impact the future market adoption of certain of our imaging age currently in clinical or preclinical development. We expect that there will continue to be proposals to reduce or limit Medicare and Medi extent any of these or other provisions of the Healthcare Reform Act have the effect of reducing

the aggregate number of diagnostic medical imaging procedures performed in the United States, our business, results of operations, finan would be adversely affected. See "Business—Regulatory Matters."

Further, we expect that there will continue to be proposals to reduce or limit Medicare and Medicaid payment for services. Rates pa including those that provide Medicare supplemental insurance, are based, in part, on established physician, clinic and hospital charges an Medicare payment rates. Reductions in the amount of reimbursement paid for diagnostic medical imaging procedures and changes in the governmental payors and government sponsored healthcare programs and among different types of non-government payor sources, could our business, results of operations, financial condition and cash flows.

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

Both before and after the approval of our products and product candidates, we, our products, product candidates, operations, facilitie manufacturers, contract research organizations and contract testing laboratories are subject to extensive regulation by federal, state and lo United States as well as non-U.S. and transnational laws and regulations, with regulations differing from country to country. In the Unite other things, the pre-clinical testing, clinical trials, manufacturing, safety, efficacy, potency, labeling, storage, record keeping, quality sys distribution, and import and export of drug products. We are required to register our business for permits and/or licenses with, and compl of the FDA, the U.S. Drug Enforcement Agency ("DEA"), the U.S. Nuclear Regulatory Commission (the "NRC"), the U.S. Department o ("HHS"), Health Canada, the EMEA, state and provincial boards of pharmacy, state and provincial health departments and other state an

For example, we are required to report certain adverse events and production problems, if any, to the FDA, and to comply with requ and promotion for our products. Also, quality control and manufacturing procedures at our own facility and at third party suppliers must Manufacturing Practices ("cGMP") regulations after approval, and the FDA periodically inspects manufacturing facilities to assess comp we and others with whom we work must expend time, money, and effort in all areas of regulatory compliance, including manufacturing,

In addition, we are subject to laws and regulations that govern financial and other arrangements among healthcare providers, includi statutes, federal and state false claims laws and regulations, beneficiary inducement laws and regulations, and other fraud and abuse laws

For example, we recently entered into a Medicaid Drug Rebate Agreement, which could subject us to potential liability under the Fa most of our competitors have not previously entered into such an agreement and it is unclear that it is required, we have received inquirie decided to enter into such agreement. Determination of the rebate amount for our products under the Medicaid program, as well as deter Medicare and certain other third party payers, including government payers, depends upon information reported by us to the government government officials with inaccurate information about the products' eligibility for reimbursement, or the products fail to satisfy eligibili subject to potential liability under the False Claims Act or other laws and regulations.

Additionally, funds received under all healthcare reimbursement programs are subject to audit with respect to the proper billing. Ou as such, retroactive adjustments of revenue from these programs could occur.

Failure to comply with other requirements and restrictions placed upon us by laws and regulations can result in fines, civil and crim and debarment. Possible consequences of such actions could include:

- substantial modifications to our business practices and operations; a total or partial shutdown of production in one or mor remediate the alleged violation;
- delays in or the inability to obtain future pre-market clearances or approvals; and
- withdrawals or suspensions of current products from the market.

Regulations are subject to change as a result of legislative, administrative or judicial action, which may also increase our costs or re these regulatory schemes, individually or collectively, could disrupt our business and have a material adverse affect on our business, resu condition and cash flows.

It is time consuming and costly to obtain regulatory approval for our product candidates, which could delay or prevent us from being product sales.

We are not permitted to market our product candidates in the United States or other countries until we have received requisite regula securing FDA approval requires the submission of a new drug application ("NDA") to the FDA for our drug candidates. The NDA must clinical data and supporting information to establish the product candidate's safety and effectiveness for each indication. The NDA must regarding the chemistry, manufacturing and controls for the product. The FDA review process can take many years to complete, and app product is approved, the FDA may limit the indications for which the product may be marketed, require extensive warnings on the produ distribution programs, require expedited reporting of certain adverse events, or require costly ongoing requirements for post-marketing c other risk management measures to monitor the safety or efficacy of the product candidate. Markets outside of the United States also hav candidates with which we must comply prior to marketing. Obtaining regulatory approval for marketing of a product candidate in one co able to obtain regulatory approval in other countries, but a failure or delay in obtaining regulatory approval in one country may have a ne process in other countries. Also, any regulatory approval of any of our products or product candidates, once obtained, may be withdrawn on a timely basis, if at all.

Any failure or significant delay in completing clinical trials for our product candidates, or in receiving regulatory approval for the sa severely harm our business and delay or prevent us from being able to generate revenue from product sales. See "—Our business and ind costly regulations. If government regulations are interpreted or enforced in a manner adverse to us or our business, we may be subject to other material limitations on our operations."

Challenges with product quality or product performance, including defects, caused by us or our suppliers could result in a decrease i expenses and loss of market share.

The manufacture of our products is highly exacting and complex and must meet stringent quality requirements, due in part to strict r
the FDA's cGMPs. Problems may arise during manufacturing for a variety of reasons including equipment malfunction, failure to follow
defective raw materials and environmental factors. Additionally, manufacturing flaws, component failures, design defects, off-label uses

product-related information could result in an unsafe condition or the injury or death of a patient. Such events could lead to a recall of, or to, our products. We also may undertake voluntarily to recall products or temporarily shut down production lines based on internal safety data.

These problems could cause us to incur significant costs, including costs to replace products, lost revenue, damage to customer relat investigating the cause, and potentially cause similar losses with respect to other products. Such problems could also divert the attention development personnel from product development efforts. If we deliver products with defects, or if there is a perception that our product could incur recall and product liability costs, and our credibility and the market acceptance and sales of our products could materially dec recognition of our brands, an adverse event involving one of our products could result in reduced market acceptance and demand for all p could harm our reputation and our ability to market our products in the future. In some circumstances, adverse events arising from or ass manufacture or marketing of our products could result in the suspension or delay of regulatory reviews of our applications for new produ have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our marketing and sales practices may contain risks that could result in significant liability, require us to change our business practi the future.

We are subject to federal, state and local laws targeting fraud and abuse in the healthcare industry, including the federal fraud and al Kickback Statute"), the False Claims Act, the Foreign Corrupt Practices Act, the self-referral laws and restrictions on the promotion of o Violations of these laws are punishable by criminal or civil sanctions, including substantial fines, imprisonment and exclusion from parti such as Medicare and Medicaid as well as health programs outside the United States. These laws and regulations are complex and subjec application, which could restrict our sales or marketing practices. Even minor, inadvertent irregularities in claim submissions could poten law has been violated. Although we believe we maintain an appropriate compliance program, it may not be adequate in the detection or p relevant regulatory authorities may disagree. Additionally, if there is a change in law, regulation or administrative or judicial interpretatio more of our business practices to be in compliance with these laws. Required changes could be costly and time consuming. The recently imposes new reporting and disclosure requirements on device and drug manufacturers for any "transfer of value" made or distributed to p providers, effective March 30, 2013. Such information will be made publicly available in a searchable format beginning September 30, 2 manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family membe year. Failure to submit required information may result in civil monetary penalties of up to $150,000 per year (and up to $1 million per y payments, transfers of value or ownership or investment interests not reported in an annual submission. Finally, under the Healthcare Re pharmaceutical manufacturers and distributors must provide the HHS with an annual report on the drug samples they provide to physicia

The Healthcare Reform Act also provides greater financial resources to be allocated to enforcement of these laws and regulations an Federal Anti-Kickback Statute and criminal healthcare fraud statutes, which may increase overall compliance costs for industry participa no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Healthcare Reform Act provides th a claim including items or services resulting from a violation of the Federal

Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes. The violation of these laws, or our
Medicare, Medicaid and other governmental programs, a result of a violation of such laws, could have a material adverse effect on our bu
financial condition and cash flows.

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

DEFINITY is an ultrasound contrast agent based on perflutren lipid microspheres. In 2007, the FDA received reports of deaths and
following the administration of ultrasound micro-bubble contrast agents used in echocardiography. Four of the 11 reported deaths were c
either during infusion or within 30 minutes following the administration of the contrast agent; most of the serious but non-fatal reactions
As a result, in October 2007, the FDA requested that we and GE Healthcare, which distributes Optison, a competitor to DEFINITY, add
emphasizing the risk for serious cardiopulmonary reactions and that the use of these products was contraindicated in certain patients. In a
community to the FDA's new position, a letter was sent to the FDA, signed by 161 doctors, stating that the benefit of these ultrasound co
and urging that the boxed warning be removed. In May 2008, the FDA substantially modified the boxed warning, which, however, is stil
additional safety issues may result in further changes in labeling or result in restrictions on the approval of our product, including remova
Lingering safety concerns about DEFINITY among some healthcare providers or future unanticipated side effects or safety concerns asso
a material adverse effect on the unit sales of this product and our financial condition and results of operations.

Gadolinium-based imaging agents may cause side effects which could limit our ability to sell Ablavar.

Ablavar is a contrast agent that contains gadolinium. Gadolinium contrast agents have been associated with the development of a ve
systemic fibrosis ("NSF"). It has also been reported that NSF may affect the internal anatomy as well as the skin. In May 2007, the FDA
gadolinium-containing contrast agents add a boxed warning and a new warning section that describes the risk of NSF because it is curren
determine whether the extent of risks for developing NSF are the same for all gadolinium-containing agents. In September 2010, the FDA
related label changes be implemented for all gadolinium-based contrast agents to highlight the risks of NSF. Of the seven gadolinium-ba
approved for use in the United States, three of them were required by the FDA to include certain new contraindications relating to severe
no substantial changes to the Ablavar prescribing information. We are aware of ongoing litigation in the United States relating to the use
gadolinium. When it was purchased by us from EPIX in April 2009, Ablavar was known as Vasovist. To date, there have been no reporte
the administration of Ablavar or, to our knowledge, Vasovist, and neither we nor EPIX have been named as a party or joined in any litiga
that over 90,000 doses of Ablavar and Vasovist have been sold to date. However, in the event Ablavar is directly linked to this very rare
effects, such safety concerns could have a material adverse effect on the sales of this product, and our financial conditions and results of

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

The healthcare industry is characterized by continuous technological development resulting in changing customer preferences and r product development depends on many factors, including our ability to anticipate and satisfy customer needs, obtain regulatory and reim basis, develop and manufacture products in a cost-effective and timely manner, maintain advantageous positions with respect to intellect products from our competitors. To compete successfully in the marketplace, we must make substantial investments in new product devel externally through licensing or acquisitions. Our failure to introduce new and innovative products in a timely manner would have an adv of operations, financial condition and cash flows.

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

- the availability of alternative products from our competitors, including, in the case of Ablavar, being one of seven gadolin approved for use in the United States;
- the price of our products relative to those of our competitors;
- the timing our market entry;
- our ability to market and distribute our products effectively, including, in the case of our PET Perfusion Agent ("PPA"), t based manufacturing and distribution network involving PET cyclotrons located at radiopharmacies where the agent will rapidly to end-users, given the agent's 110-minute half-life; and
- market acceptance of our products, including, in the case of DEFINITY, appropriate resources to administer an intravenou echocardiography procedure, and in the case of PPA, sufficient market penetration of PET cameras to which nuclear cardi

The field of diagnostic medical imaging is dynamic, with new products, including equipment and agents, continually being develop continually being refined. Our own diagnostic imaging agents compete not only with other similarly administered imaging agents but als different and often competing diagnostic modalities. New imaging agents in a given diagnostic modality may be developed that provide dominant agent in that modality, resulting in commercial displacement. Similarly, changing perceptions about comparative efficacy and things, comparative radiation exposure, as well as changing availability of supply may favor one agent over another or one modality ove recent outage of the NRU reactor, we experienced a slow annual decline in demand for Thallium as a myocardial perfusion imaging age superior safety and efficacy characteristics. To the extent there is technological obsolescence in any of our products that we manufacture decreased unit sales prices, we will have increased unit overhead allocable to the remaining share, which could have a material adverse e operations, financial condition and cash flows. In addition, in the case of a new product such as Ablavar, if we do not ultimately meet ou or we cannot sell the quantity of that product we are committed to purchase from our manufacturers prior to that product's expiration, we losses on our purchase commitments. To the extent any of the products we manufacture become less available because of supply constra control, our current customers may begin to favor a competing agent or a competing diagnostic modality which could have a material ad of operation, financial condition and cash flows.

Our current portfolio of products primarily focuses on heart disease and vascular disease. This particular focus, however, may not b
the incidence and prevalence of heart disease and vascular disease decrease over time. Despite the aging population in the affluent parts
medical imaging is most frequently used, government and private efforts to promote preventative cardiac care through exercise, diet and
decrease the overall demand for our products, which could have a material adverse effect on our business, results of operations, financial

The process of developing new drugs is complex, time-consuming and costly, and the outcome is not certain.

Two of our pipeline candidates (our PET perfusion contrast agent and our cardiac neuronal imaging agent) are currently in clinical
candidate (our vascular remodeling agent) is in pre-clinical development at the lead optimization stage. To obtain regulatory approval fo
conduct extensive human tests, which are referred to as clinical trials, as well as meet other rigorous regulatory requirements. Satisfactio
typically takes many years and requires the expenditure of substantial resources. A number of other factors may cause significant delays
trials, including unexpected delays in the initiation of clinical sites, slower than projected enrollment, competition with ongoing clinical t
participating clinicians, regulatory requirements, limits on manufacturing capacity and failure of a product candidate to meet required sta
humans. In addition, it may take longer than we project to achieve study endpoints and complete data analysis for a trial. Given the cost a
conducting later stage clinical trials, we are currently considering seeking one or more development and commercialization partners to as
agent. We may also consider outlicensing other pipeline products in the future. Depending upon the terms that we can negotiate with one
development of our pipeline candidates could be delayed by the timing of the consummation of such transactions as well as factors speci
involved.

Our product candidates are also prone to the risks of failure inherent in drug development and testing. The results of preliminary stu
and larger and later-stage clinical trials may not produce the same results as earlier-stage trials. Sometimes, product candidates that have
clinical trials have subsequently suffered significant setbacks in later clinical trials. Product candidates in later-stage clinical trials may fa
efficacy traits, despite having progressed through initial clinical testing. Further, the data collected from clinical trials of our product can
support regulatory approval, or regulators could interpret the data differently and less favorably than we do. Further, the design of a clini
results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is wel
potential products often reveal that it is not practical or feasible to continue development efforts. Regulatory authorities may require us o
clinical testing, in which case we would have to expend additional time and resources. The approval process may also be delayed by cha
future legislation or administrative action or changes in regulatory policy that occur prior to or during regulatory review. The failure to p
that are adequate to demonstrate to the satisfaction of the regulatory authorities that our product candidates are safe and effective for thei
preclude approval and will prevent us from marketing those products.

Even if our product candidates proceed successfully through clinical trials and receive regulatory approval, there is no guarantee tha
manufactured in commercial quantities at reasonable cost or that such a product will be successfully marketed. For example, our PPA wi
field-based manufacturing and distribution network involving PET cyclotrons located at radiopharmacies where the agent will be manufa

distributed rapidly to end-users, given the agent's 110-minute half-life. Our development costs will increase if we are required to comple with respect to product candidates. If the delays or costs are significant, our financial results and our ability to commercialize our produc affected.

In the United States, we are heavily dependent on a few large customers to generate a majority of our revenues for our nuclear imagi States, we rely on distributors to generate a substantial portion of our revenue.

In the United States, we rely on a limited number of radiopharmacy chains, primarily Cardinal Health, Inc. ("Cardinal"), United Pha GE Healthcare, to distribute our current largest volume nuclear imaging products and generate a majority of our revenues. These three cu approximately 55% of our total revenues in 2009, with Cardinal, UPPI and GE Healthcare accounting for 30%, 16% and 9%, respectivel member of UPPI then with 26 radiopharmacies in its specific group, completed the purchase of 37 additional U.S. radiopharmacies from radiopharmacies in the United States, continued consolidation or reorganization may have a negative effect on our business, results of op cash flows. We generally have distribution arrangements with our major radiopharmacy customers pursuant to multi-year contracts, each from as soon as December 2010 until as late as December 2014. If we cannot renew these contracts, it could have a material adverse effe operations, financial condition and cash flows.

Outside of the United States, Canada, Australia and Puerto Rico, we have no radiopharmacies or sales force and therefore rely on di country basis or on a multi-country, regional basis, to market, distribute and sell our products. These distributors accounted for approxim revenues in 2009. In certain circumstances, these distributors may also sell competing products to our own or products for competing dia cannot assure you that our international distributors will increase or maintain our current levels of unit sales or increase or maintain our c could have a material adverse effect on our business, results of operations, financial condition and cash flows.

To the extent that we enter into a development and commercialization arrangement for one or more of our pipeline candidates and a regulatory and reimbursement approval for such candidate or candidates, we will likely have to share some of the economic benefits that partner or partners.

In the ordinary course of business, we may be subject to product liability claims and lawsuits, including potential class actions, allegi or could result in an unsafe condition or injury.

Any product liability claim brought against us, with or without merit, could be costly to defend and could result in an increase of ou we have not had any such claims to date, claims that could be brought against us might not be covered by our insurance policies. Further covered by our insurance, our insurance coverage might be inadequate and we would have to pay the amount of any settlement or judgm limits, which we believe are consistent with other pharmaceutical companies in the diagnostic medical imaging industry. We may not be acceptable to us or at all, since insurance varies in cost and can be difficult to obtain. Our failure to maintain adequate insurance coverag product liability claims could have a material adverse effect on our business, results of operations, financial condition and cash flows.

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We use hazardous materials in our business and must comply with environmental laws and regulations, which can be expensive.

Our operations use hazardous materials and produce hazardous wastes, including radioactive, chemical and in certain circumstances We are subject to a variety of federal, state and local laws and regulations as well as non-U.S. laws and regulations relating to the transpo disposal of, and exposure to, these materials and wastes. Environmental laws and regulations are complex, change frequently and have b We are required to obtain, maintain and renew various environmental and nuclear permits. Although we believe that our safety procedur storing and disposing of, and limiting exposure to, these materials and wastes complies with the standards prescribed by applicable laws accidental contamination or injury cannot be eliminated. We place a high priority in these safety procedures and seek to limit any inheren third parties for the disposal of wastes generated by our operations, and, prior to disposal, store any low level radioactive waste at our fac longer considered radioactive. We cannot assure you that we have been or will be in compliance with environmental and health and safet believe we have complied in all material respects with all such laws. If we violate these laws, we could be fined, criminally charged or ot We may be required to incur further costs to comply with current or future environmental and safety laws and regulations. In addition, in contamination or injury from these materials, we could be held liable for any damages that result and any such liability could exceed our

While we have budgeted for future capital and operating expenditures to maintain compliance with these laws and regulations, we c complying with current or future environmental protection, health and safety laws and regulations will not exceed our estimates or adver and financial condition. Further, we cannot assure you that we will not be subject to additional environmental claims for personal injury our past, present or future business activities.

If we are unable to protect our intellectual property, our competitors could develop and market products with features similar to our p products may decline.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection of our techno well as successfully defending these patents and trade secrets against third party challenges. We will only be able to protect our intellectu by third parties to the extent that valid and enforceable patents or trade secrets cover them.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual legal principles remain unresolved. In addition, changes in either the patent laws or in interpretations of patent laws in the United States c value of our intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or

The degree of future protection for our proprietary rights is uncertain because legal means afford only limited protection and may no permit us to gain or keep our competitive advantage. For example:

- we might not have been the first to make the inventions covered by each of our pending patent applications and issued pat rights as a result;
- we might not have been the first to file patent applications for these inventions or our patent applications may not have be our patent rights as a result;

- others may independently develop similar or alternative technologies or duplicate any of our technologies;
- it is possible that none of our pending patent applications will result in any further issued patents;
- our issued patents may not provide a basis for commercially viable drugs, may not provide us with any protection from ur property by third parties, and may not provide us with any competitive advantages;
- our patent applications or patents may be subject to interference, opposition or similar administrative proceedings;
- we may not develop additional proprietary technologies that are patentable; or
- the patents of others may have an adverse effect on our business.

Moreover, the issuance of a patent is not conclusive as to its validity or enforceability. A third party may challenge the validity or en its issuance by the U.S. Patent and Trademark Office. It is also uncertain how much protection, if any, will be afforded by our patents if they are challenged in court or in other proceedings, such as oppositions, which may be brought in U.S. or non-U.S. jurisdictions to chall

The defense and prosecution of intellectual property suits, interferences, oppositions and related legal and administrative proceeding time consuming to pursue and result in diversion of resources. The outcome of these proceedings is uncertain and could significantly har to defend the patents of our technologies and products, then we will not be able to exclude competitors from marketing products that dire which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We will also rely on trade secrets to protect our technology, especially where we do not believe patent protection is appropriate or o are difficult to protect. We use reasonable efforts to protect our trade secrets, but our employees, consultants, contractors, outside scientif unintentionally or willfully disclose our confidential information to competitors or other third parties. Enforcing a claim that a third party our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are son secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. We often rely on confide collaborators, employees, consultants and other third parties and invention assignment agreements with our employees to protect our trad proprietary information concerning our business. These confidentiality agreements may not prevent unauthorized disclosure of trade secr information, and there can be no guarantee that an employee or an outside party will not make an unauthorized disclosure of our trade se proprietary information. We may not have adequate remedies for any unauthorized disclosure. This might happen intentionally or inadve competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we mig such unauthorized disclosures, which could have a material adverse effect on our business, results of operations, financial condition and

We rely on our trademarks, trade names, and brand names to distinguish our products from the products of our competitors, and hav many of these trademarks, including DEFINITY, Cardiolite, TechneLite, Ablavar, Neurolite and Lantheus Medical Imaging, Inc. We can applications will be approved. Third parties may also oppose

our trademark applications, or otherwise challenge our use of the trademarks. If our trademarks are successfully challenged, we could be
which could result in loss of brand recognition, and could require us to devote resources advertising and marketing new brands. Further,
competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

***We may be subject to claims that we have infringed, misappropriated or otherwise violated the patent or other intellectual property rig
of any such claims is uncertain and any unfavorable result could adversely affect our business, financial condition and results of ope***

We may be subject to claims by third parties that we have infringed, misappropriated or otherwise violated their intellectual propert
products that we currently manufacture using our proprietary technology do not infringe upon or otherwise violate proprietary rights of o
defenses would exist with respect to any assertions to the contrary, we cannot assure you that we would not be found to infringe on or oth
rights of others.

We may be subject to litigation over infringement claims regarding the products we manufacture or distribute. This type of litigation
and could generate significant expenses, damage payments (potentially including treble damages) or restrictions or prohibitions on our us
adversely affect our results of operations. In addition, if we are found to be infringing on proprietary rights of others, we may be required
technology, obtain a license (which may not be available on reasonable terms, or at all), make substantial one-time or ongoing royalty pa
and/or selling the infringing products, any of which could have a material adverse effect on our business, results of operations, financial c

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

The market for diagnostic medical imaging agents is highly competitive and continually evolving. Our principal competitors in exis
large, global companies with substantial financial, manufacturing, sales and marketing, and logistics resources that are more diversified t
Healthcare, Bayer Schering Pharma AG and Bracco Diagnostics Inc. ("Bracco"), as well as other competitors. We cannot anticipate their
reductions on products that are comparable to our own, development of new products that are more cost-effective or have superior perfor
and the introduction of generic versions when our proprietary products lose their patent protection. Our current or future products could b
uneconomical as a result of this competition. Our failure to compete effectively could cause us to lose market share to our competitors an
our business, results of operations, financial condition and cash flows.

Generic competition has eroded our share for Cardiolite and will likely continue to do so. We are currently aware of four separate ge
first of which launched in September 2008. Management believes our share of the MPI segment decreased from approximately one half t
entire segment from 2008 through September 30, 2010. Cardiolite accounted for approximately 64%, 60% and 33% of our total revenues
respectively. To the extent generic competitors further reduce their prices, we may be forced to further reduce the price of Cardiolite, wh
on our business, results of operations, financial condition and cash flows.

We may be adversely affected by the current economic environment.

Our ability to attract and retain customers, invest in and grow our business and meet our financial obligations depends on our operat
which, in turn, is subject to numerous factors, including the prevailing economic conditions and financial, business and other factors bey
unemployment and the number of uninsured persons in the United States. We cannot anticipate all the ways in which the current econom
conditions could adversely impact our business.

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We are exposed to risks associated with reduced profitability and the potential financial instability of our customers, many of whom volatile conditions in the financial markets. For example, unemployment and underemployment, and the resultant loss of insurance, may services and pharmaceuticals. If fewer patients are seeking medical care because they do not have insurance coverage, our customers ma profitability and/or cash flow problems that could lead them to modify, delay or cancel orders for our products. If customers are not succ revenue or are precluded from securing financing, they may not be able to pay, or may delay payment of, accounts receivable that are ow adversely affect our financial condition and liquidity. In addition, if economic challenges in the United States result in widespread and pr regionally or on a national basis, prior to the effectiveness of certain provisions of the Healthcare Reform Act, a substantial number of pe underinsured. In turn, this may lead to fewer individuals pursuing or being able to afford diagnostic medical imaging procedures. To the in fewer procedures being performed, our business, results of operations, financial condition and cash flows could be adversely affected.

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

For the year ended December 31, 2009 and the nine months ended September 30, 2010, 23.2% and 25.1%, respectively, of our total countries outside the United States. We anticipate that revenue from non-U.S. operations may grow. Accordingly, our business is subject business internationally, including:

- less stable political and economic environments and changes in a specific country's or region's political or economic cond
- potential negative consequences from changes in tax laws affecting our ability to repatriate profits;
- unfavorable labor regulations;
- greater difficulties in relying on non-U.S. courts to enforce either local or U.S. laws, particularly with respect to intellectu
- greater difficulties in managing and staffing non-U.S. operations;
- the need to ensure compliance with the numerous regulatory and legal requirements applicable to our business in each of t an effective compliance program to ensure compliance with these requirements;
- currency fluctuations;
- changes in trade policies, regulatory requirements and other barriers;
- civil unrest or other catastrophic events; and
- longer payment cycles of non-U.S. customers and difficulty collecting receivables in non-U.S. jurisdictions.

These factors are beyond our control. The realization of any of these or other risks associated with operating in non-U.S. countries c on our business, results of operations or financial condition.

We face currency and other risks associated with international sales.

We generate significant revenue from export sales, as well as from operations conducted outside the United States. During 2009 and
net impact of foreign currency

changes on transactions was a gain of $794,000 and a loss of $415,000, respectively. Operations outside the United States expose us to ri currency values, trade restrictions, tariff and trade regulations, U.S. export controls, non-U.S. tax laws, shipping delays, and economic an violations of U.S. export controls could result in fines and the suspension or loss of export privileges which could have a material advers operations, financial conditions and cash flows.

The functional currency of each of our non-U.S. operations is generally the local currency. Exchange rates between some of these c fluctuated significantly in recent years and may do so in the future. Historically, we have not used derivative financial instruments or oth such economic exposures. It is possible that fluctuations in exchange rates will have a negative effect on our results of operations.

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

As of September 30, 2010, we had total consolidated debt of approximately $250.0 million. Our senior secured credit facilities prov credit facility, under which we currently have no amounts outstanding. During periods of volatility and disruption in the U.S. credit mark replacement financing may be more difficult and the cost of issuing new debt or replacing our senior secured credit facilities could be hig Higher cost of new debt may limit our ability to have cash on hand for working capital, capital expenditures and acquisitions on terms th Additionally, our revolving credit facility has a variable interest rate. By its nature, a variable interest rate will move up or down based o factors, all of which are beyond our control. If interest rates increase, our interest expense could increase, affecting earnings and reducing capital, capital expenditures and acquisitions.

Many of our customer relationships outside of the United States are, either directly or indirectly, with governmental entities, and we c violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws outside the United States.

The U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws in non-U.S. jurisdictions generally prohibit compan making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Because of the predominance of gove systems around the world, many of our customer relationships outside of the United States are, either directly or indirectly, with governm subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world t corruption to some degree, and in certain circumstances strict compliance with anti-bribery laws may conflict with local customs and pra compliance programs, our internal control policies and procedures may not always protect us from reckless or criminal acts committed b Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results and cash flows.

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

To remain competitive in our industry, we must employ information technologies to support manufacturing processes, quality proce regulatory applications that capture, manage and analyze the large streams of data generated in our clinical trials in compliance with appl rely extensively on technology to allow the concurrent conduct

of work sharing around the world. As with all information technology, our systems are vulnerable to potential damage or interruptions fr
telecommunications failures and other unexpected events, as well as to break-ins, sabotage or intentional acts of vandalism. Given the ex
technology, any substantial disruption or resulting loss of data that is not avoided or corrected by our backup measures could harm our bu
condition.

We may not be able to hire or retain the number of qualified personnel, particularly scientific, medical and sales personnel, required harm the development and sales of our products and limit our ability to grow.

Competition in our industry for highly skilled scientific, healthcare and sales personnel is intense. If we are unable to retain our exis
additional qualified personnel, either because of competition in our industry for such personnel or because of insufficient financial resour
it could have a material adverse effect on our business.

If we lose the services of our key personnel, our business could be adversely affected.

Our success is substantially dependent upon the performance, contributions and expertise of our chief executive officer, executive le
team. Don Kiepert, our Chief Executive Officer and President, and other members of our executive leadership and senior management te
generating new business and retaining existing customers. We have employment agreements with Messrs. Pickering and Kiepert and a li
on our executive leadership team, although we cannot prevent them from terminating their employment with us. We do not maintain key
of our executive officers. Our inability to retain our existing executive leadership and senior management team or attract and retain addit
have a materially adverse effect on our business.

We will incur substantial ongoing costs as a result of being obligated to file reports under the Securities Exchange Act of 1934, as am our management will be required to devote substantial time to new compliance initiatives.

In connection with this exchange offer, we will be required to file annual, quarterly and current reports under the Exchange Act with
our business and financial condition. In addition, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the Dodd-Frank Wall
Protection Act of 2010, as well as rules subsequently implemented by the Commission have imposed various requirements on public cor
establishment and maintenance of effective disclosure controls and procedures, internal controls and corporate governance practices. Acc
legal, accounting and other expenses that we did not incur as a private company.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclo
internal policies and procedures in place relating to financial reporting which are adequate for a privately-held company, we are not yet i
Oxley Act. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financ
the Sarbanes-Oxley Act, significant resources and management oversight will be required. This may divert management's attention from
could harm our business, results of operations and financial condition, and substantially increase our accounting, legal and compliance co

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Risks Related to the Notes

We have a substantial amount of indebtedness which may limit our financial and operating activities and may adversely affect our ab fund future needs.

As of September 30, 2010, we had approximately $250.0 million of total indebtedness consisting entirely of the notes subject to the mature May 15, 2017. In addition, we have up to $42.5 million of additional borrowing capacity under our revolving credit facility. Our future indebtedness we incur could:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal, and interest on, indeb available for other purposes;
- make it more difficult for us to satisfy and comply with our obligations with respect to the notes, namely the payment of p
- subject us to increased sensitivity to interest rate increases;
- make us more vulnerable to economic downturns, adverse industry conditions or catastrophic external events;
- limit our ability to withstand competitive pressures;
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions; and/or
- place us at a competitive disadvantage to competitors that have relatively less debt than we have.

In addition, our substantial level of indebtedness could limit our ability to obtain additional financing on acceptable terms, or at all, expenditures and general corporate purposes. Our liquidity needs could vary significantly and may be affected by general economic cond performance and many other factors not within our control.

Despite our substantial indebtedness, we may incur more debt, which could exacerbate the risks described above.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future subject to the limitations contained in Although these agreements restrict us and our restricted subsidiaries from incurring additional indebtedness, these restrictions are subject qualifications. For example, we are generally permitted to incur certain indebtedness, including indebtedness to finance acquisitions of si arising in the ordinary course of business (such as workers' compensation claims), indebtedness among restricted subsidiaries and us and obligations. We are also permitted to incur indebtedness so long as we comply with a fixed charge coverage ratio of 2.0 to 1.0, determine recently completed four fiscal quarters. See "Description of the Notes—Certain Covenants—Limitation on Incurrence of Indebtedness an and Preferred Stock." If we or our subsidiaries incur additional debt, the risks that we and they now face as a result of our high leverage c indenture governing the notes and the agreement governing our revolving credit facility will not prevent us from incurring obligations tha under the agreements.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The indenture governing the notes and the agreement governing our revolving credit facility contain various covenants that limit ou types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional debt;

- pay dividends or make other distributions;
- redeem stock;
- issue stock of subsidiaries;
- make certain investments;
- create liens;
- enter into transactions with affiliates; and
- merge, consolidate or transfer all or substantially all of our assets.

Additionally, the agreement governing our revolving credit facility requires us to maintain certain financial ratios. A breach of any c default under the indenture governing the notes and the agreement governing our revolving credit facility. We may also be unable to take opportunities that arise because of the limitations imposed on us by the restrictive covenants under our indebtedness.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations, which are expecte million per year, will depend on our future financial performance, which will be affected by a range of economic, competitive and busine outside of our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payme maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, entering into licensing arrangements for one or more of our product candidates, reducing or delaying capital investments or seeking to raise additional any refinancing would be possible, that any assets could be sold, licensed or partnered, or, if sold, licensed or partnered, of the timing of proceeds realized from those transactions, that additional financing could be obtained on acceptable terms, if at all, or that additional fina the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the fin inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms an adverse effect on our business, results of operations and financial condition.

Your right to receive payments on the notes is effectively subordinated to the rights of our existing and future secured creditors. Furth will be effectively subordinated to all of the guarantors' existing and future secured indebtedness.

Holders of our existing or future secured indebtedness and holders of existing or any future secured indebtedness of the guarantors w your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness. The notes will be effectively s indebtedness, including indebtedness under our revolving credit facility and any other future senior secured credit facility. In the event of or the guarantors' assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders prior claim to those assets that constitute their collateral. Holders of the notes will participate in the distribution or payment of our and th ratably with all holders of our and the guarantors' unsecured indebtedness that is deemed to be of the same class as the notes, and potenti

creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, we cannot assure you that t
amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness.

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The notes are effectively subordinated to the liabilities of our subsidiaries that do not guarantee the notes.

Certain of our subsidiaries, including all of our non-U.S. subsidiaries, will not guarantee the notes. To the extent that any of our sub the notes will be structurally subordinated to all existing and future obligations, including indebtedness, of such non-guarantor subsidiari non-guarantor subsidiaries, including trade creditors, will have priority as to the assets of those subsidiaries.

For the nine months ended September 30, 2010, our non-guarantor subsidiaries accounted for approximately 22.0% of our total reve September 30, 2010, our non-guarantor subsidiaries held approximately 11.1% of our consolidated assets and had approximately 5.1% o payables), to which the notes and guarantees would have been structurally subordinated.

We are permitted to create unrestricted subsidiaries, which will not provide guarantees of the notes or be subject to any of the covena not be able to rely on the cash flow or assets of those unrestricted subsidiaries to pay our indebtedness.

Unrestricted subsidiaries will not provide guarantees of the notes or be subject to the covenants under the indenture governing the n subsidiaries will be able to engage in many of the activities that we and our restricted subsidiaries are prohibited or limited from doing u governing the notes, such as selling, conveying or distributing assets, incurring additional debt, pledging assets, guaranteeing debt, payin and entering into mergers or other business combinations, subject to certain restrictive covenants in any of their financing documents, as detrimental to our ability to make payments of principal and interest when due and to comply with our other obligations under the notes, assets that will be available to satisfy your claims should we default on the notes. As of September 30, 2010, we did not have any unrestr

We may choose to redeem notes when prevailing interest rates are relatively low.

We may choose to redeem the notes from time to time, especially when prevailing interest rates are lower than the rate borne by the at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as the optional redemption date or

Federal and state statutes allow courts, under specific circumstances, to avoid guarantees and to require noteholders to return payme guarantors.

Our creditors or the creditors of our guarantors could challenge the guarantees as fraudulent conveyances or on other grounds. Unde comparable provisions of state fraudulent transfer laws, the delivery of the guarantees could be avoided as fraudulent transfers if a court guarantor, at the time it incurred the indebtedness evidenced by its guarantee or granted its lien:

- delivered the guarantee with the intent to hinder, delay or defraud its existing or future creditors; or
- received less than reasonably equivalent value or did not receive fair consideration for the delivery of the guarantee, and t rendered insolvent at the time it delivered the guarantee;

- was engaged in a business or transaction for which such guarantor's remaining assets constituted unreasonably small capit
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

If the guarantees were avoided or limited under fraudulent transfer or other laws, any claim you may make against us for amounts p effectively subordinated to all of the indebtedness and other obligations of our guarantors, including trade payables and any subordinated

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceedi fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability c contingent liabilities, as they became absolute and matured; or
- it could not pay its debts as they became due.

We cannot be sure what standard a court would apply in making these determinations or, regardless of the standard, that a court wou any guarantee would not be subordinated to a guarantor's other indebtedness. In a recent Florida bankruptcy case, a similar provision was the guarantees.

Any future note guarantees provided after the notes are issued could also be avoided by a trustee in bankruptcy.

The indenture governing the notes provides that certain of our future subsidiaries will guarantee the notes. Any future note guarante might be avoidable by the grantor (as debtor-in-possession) or by its trustee in bankruptcy or other third parties if certain events or circum instance, if the entity granting the future note guarantee were insolvent at the time of the grant and if such grant was made within 90 days longer period, before that entity commenced a bankruptcy proceeding, and the granting of the future note guarantee enabled the noteholde would if the grantor were liquidated under Chapter 7 of the U.S. Bankruptcy Code, then such note guarantee could be avoided as a prefer

We may not be able to fulfill our repurchase obligations with respect to the notes upon a change of control.

If we experience certain specific change of control events, we will be required to offer to repurchase all of our outstanding notes at such notes plus accrued and unpaid interest to the date of repurchase. We cannot assure you that we will have available funds sufficient t purchase price for any or all of the notes that might be tendered in the change of control offer.

The definition of change of control in the indenture governing the notes offered hereby includes a phrase relating to the direct or ind other disposition of "all or substantially all" of our and our restricted subsidiaries' assets, taken as a whole. Although there is a limited bo phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holde repurchase such notes as a result of a sale, transfer, conveyance or other disposition of less than all

of our and our "restricted subsidiaries" assets taken as a whole to another person or group may be uncertain. In addition, a recent Delawa
questions about the enforceability of provisions, which are similar to those in the indenture governing the notes offered hereby, related to
control as a result of a change in the composition of a board of directors. Accordingly, the ability of a holder of notes to require us to rep
change in the composition of our board of directors may be uncertain.

In addition, our revolving credit facility contains, and any future credit agreement likely will contain, restrictions or prohibitions on
under certain circumstances. If these change of control events occur at a time when we are prohibited from repurchasing the notes, we m
to purchase the notes or could attempt to refinance the borrowings that contain these prohibitions or restrictions. If we do not obtain our
borrowings, we will not be able to repurchase the notes. Accordingly, the holders of the notes may not receive the change of control purc
event of a sale or other change of control, which will give the trustee and the holders of the notes the right to declare an event of default a
notes. See "Description of the Exchange Notes—Repurchase at the Option of Holders—Change of Control."

An adverse rating of the notes may cause their trading price to fall.

Multiple rating agencies have assigned ratings to the notes. As of September 30, 2010, the ratings of the notes with Standard & Poo
Investors Service were B+, positive outlook, and B2, stable outlook, respectively. Ratings agencies, however, may lower ratings on the n
future. If rating agencies maintain a lower than-expected rating or reduce, or indicate that they may reduce, their ratings of our debt in th
notes could significantly decline.

***If a bankruptcy petition were filed by or against us, holders of notes may receive a lesser amount for their claim than they would have
indenture governing the notes.***

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any
principal amount of the notes may be limited to an amount equal to the sum of:

- the original issue price for the notes; and
- that portion of the original issue discount, if any, that does not constitute "unmatured interest" for purposes of the U.S. Ba

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Acco
these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the no
available.

We are indirectly owned and controlled by Avista and their interests may conflict with yours as a creditor.

Avista and an affiliated co-investment vehicle collectively own approximately 99.5% of Holdings, which is the sole stockholder of
company. As a result, Avista has the power to elect our board of directors and effectively has control over major decisions regardless of
that any such decisions are in their own best interests. The interests of Avista as an equity holder may conflict with your interests as a ho
an incentive to increase the value of its investment or cause us to distribute funds at the expense of our financial condition and affect our

notes. In addition, Avista may have an interest in pursuing acquisitions, divestitures, financings or other transactions that it

believes could enhance its equity investments even though such transactions might involve risks to you as a holder of the notes.

Risks Related to the Exchange Offer

Your Restricted Notes will not be accepted for exchange if you fail to follow the exchange offer procedures.

We will not accept your Restricted Notes for exchange if you do not follow the exchange offer procedures. We will issue Exchange only after a timely receipt of your Restricted Notes, a properly completed and duly executed letter of transmittal and all other required do tender your Restricted Notes, please allow sufficient time to ensure timely delivery. If we do not receive your Restricted Notes, letter of t documents by the time of expiration of the exchange offer, initially expected to be at 5:00 p.m., New York City time, on February 1, 201 Restricted Notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of Restric defects or irregularities with respect to your tender of Restricted Notes, we will not accept your Restricted Notes for exchange. See "The Tendering Restricted Notes."

If you do not exchange your Restricted Notes, there will be restrictions on your ability to resell your Restricted Notes.

Following the exchange offer, Restricted Notes that you do not tender, that we do not accept or that do not qualify to be registered i subject to transfer restrictions. Absent registration, any untendered Restricted Notes may therefore only be offered or sold pursuant to an not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registrati is available, you will not be able to sell your Restricted Notes.

There is no public market for the Exchange Notes, and we cannot assure you that a market for the Exchange Notes will develop.

The Exchange Notes are a new issue of securities for which there is currently no active trading market. We do not intend to file an a Notes listed on any securities exchange or included for quotation on any automated dealer quotation system. Although the initial purchas indicated that they intend to make a market in the notes as over-the-counter securities that are not traded on an exchange, they have no ob discontinue market-making activity at any time without notice.

If any of the Exchange Notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depe rates, the market for similar securities and other factors, including general economic conditions, our financial condition, performance and companies in our industry generally. In addition, the liquidity of the trading market in the Exchange Notes and the market prices quoted f negatively affected by changes in the overall market for high-yield securities. As a result, we cannot assure you that an active trading ma Notes.

In addition, we have the right, pursuant to the registration rights agreement, to suspend the use of the registration statement in certai such a suspension you would not be able to sell the notes under the registration statement.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus are forward-looking statements that are subject to risks and uncertainties, inclu
our plans, strategies, prospects and industry estimates. These statements identify prospective information and include words such as "ant
"seeks," "believes," "estimates," "expects," "should," "predicts," "hopes" and similar expressions. Examples of forward-looking statemen
statements we make regarding: (i) our liquidity, including our belief that our existing cash, cash equivalents and anticipated revenues are
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 certain of our commercial products; an
dates and market exclusivity periods. The foregoing is not an exclusive list of all forward-looking statements we make. Forward-looking
expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements rela
inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those
looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. The matters referre
statements contained in this prospectus may not in fact occur. We caution you therefore against relying on any of these forward-looking
could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political,
market and regulatory conditions and the following:

- our dependence on a limited number of third party suppliers and the ongoing global Moly supply challenge;
- a failure of TechneLite generator demand to return to pre-NRU reactor outage levels;
- our dependence upon third parties for the manufacture and supply of a substantial portion of our products;
- our dependence 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;
- our being subject to extensive government regulation and our potential inability to comply with such regulations;
- problems with the quality or performance of our products;
- liability associated with our marketing and sales practices;
- the occurrence of side effects with our DEFINITY and Ablavar products;
- our inability to introduce new products and adapt to changing technology and diagnostic landscape;
- the extensive costs, time and uncertainty associated with new product development, including further product developmen
  development partner or partners;

- our dependence on key customers for our nuclear imaging products;
- our exposure to 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 o

- our inability to compete effectively;
- 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 technology infrastructure;
- our inability to hire or retain skilled employees and the loss of any of our key personnel;
- costs and other risks associated with becoming a reporting company and becoming subject to the Sarbanes-Oxley and Doc
- other factors that are described in "Risk Factors," beginning on page 16.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that c 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 an whether as a result of new information, future developments or otherwise, except as may be required by law.

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THE EXCHANGE OFFER

Purpose and Effect

We issued the Restricted Notes on May 10, 2010 in a transaction exempt from registration under the Securities Act. In connection w entered into an indenture and a registration rights agreement. The registration rights agreement requires that we file a registration stateme respect to the Exchange Notes to be issued in the exchange offer and, upon the effectiveness of the registration statement, offer you the o Restricted Notes for a like principal amount of Exchange Notes. If we fail to satisfy our registration obligations under the registration rig required, our obligation to have an effective resale shelf registration statement for the Restricted Notes, we will be required to pay additio Restricted Notes, in an amount equal to 0.25% per year and an additional 0.25% per year for each subsequent 90 day period until effectiv per year. Such additional interest would become due if (a) the registration statement related to the Exchange Offer is not effective by Ma registration statement registering the Restricted Notes is not effective by 90 days following the date the Exchange Offer cannot be consu participate in the Exchange Offer due to applicable law or SEC policy, (c) the Exchange Offer is not consummated on or prior to the 30t which the registration statement related to the Exchange Offer is declared effective by the SEC, (d) the registration statement related to t effective by the SEC and such registration statement ceases to be effective or usable at any time prior to the time that the Exchange Offe shelf registration statement registering the Restricted Notes has been declared effective by the SEC and such resale shelf registration stat usable at any time prior to the first anniversary of its effective date (other than such time as all such notes have been disposed of thereun these Exchange Notes will be issued without a restrictive legend or additional interest provisions and, we believe, may be reoffered and r under the Securities Act. The Exchange Notes will be issued under the same indenture as the Restricted Notes. After we complete the ex respect to the registration of the Restricted Notes and the Exchange Notes will terminate. A copy of the registration rights agreement has registration statement of which this prospectus forms a part. Notwithstanding anything to the contrary set forth in this prospectus, the exc you, and you may not participate in the exchange offer, if (a) you are our "affiliate" within the meaning of Rule 405 of the Securities Act acquired Restricted Notes directly from us.

Based on interpretations by the staff of the Commission set forth in no-action letters issued to third parties unrelated to us, we believ issued to you in the exchange offer may be offered for resale, resold and otherwise transferred by you, without compliance with the regis provisions of the Securities Act, unless you are a broker-dealer that receives Exchange Notes in exchange for Restricted Notes acquired b activities or other trading activities. This interpretation, however, is based on your representation to us that:

- the Exchange Notes to be issued to you in the exchange offer are acquired in the ordinary course of your business;
- at the time of the commencement of the exchange offer, you have no arrangement or understanding with any person to pa the meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offer in violation of the Sec
- you are not an affiliate (as defined in Rule 405 promulgated under the Securities Act) of us;

- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the ex
- you are not acting on behalf of any persons or entities who could not truthfully make the foregoing representations.

If you have any of the disqualifications described above or cannot make each of the representations set forth above, you may not rel of the Commission referred to above. Under those circumstances, you must comply with the registration and prospectus delivery requirer connection with a sale, transfer or other disposition of any notes unless you are able to utilize an applicable exemption from all of those r broker-dealer that receives Exchange Notes in the exchange offer for its own account in exchange for Restricted Notes that were acquire market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the S any resales of those Exchange Notes. See "Plan of Distribution."

If you will not receive freely tradable Exchange Notes in the exchange offer or are not eligible to participate in the exchange offer a remain subject to the demand registration provisions of the registrations rights agreement, you may elect to have your Restricted Notes re registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. If we are obligated to file a shelf registration keep the shelf registration statement effective for a period of two years from May 10, 2010 or such shorter period that will terminate whe shelf registration statement have been sold pursuant to the shelf registration statement, (b) we file a subsequent shelf registration stateme Restricted Notes. Other than as set forth in this paragraph, you will not have the right to require us to register your Restricted Notes unde Procedures for Tendering Restricted Notes" below.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all R not withdrawn prior to 5:00 p.m., New York City time, on February 1, 2011. We will issue $1,000 principal amount of Exchange Notes i principal amount of Restricted Notes accepted in the exchange offer. You may tender some or all of your Restricted Notes pursuant to th Restricted Notes may be tendered only in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer or contain additional inte Notes will be issued pursuant to, and entitled to the benefits of, the indenture. The indenture also governs the Restricted Notes. Each seri Restricted Notes will be deemed a single issue of the respective series of notes under the indenture.

As of the date of this prospectus, $250,000,000 aggregate principal amount of Restricted Notes are outstanding. This prospectus, tog is being sent to all registered holders and to others believed to have beneficial interests in the Restricted Notes. We intend to conduct the the applicable requirements of the Exchange Act and the rules and regulations of the Commission promulgated under the Exchange Act.

We will be deemed to have accepted validly tendered Restricted Notes when, as and if we have given oral or written notice of our a The exchange agent will act as our agent for the tendering holders for the purpose of receiving the Exchange Notes from us. Any Restric exchange for any reason will be returned without expense to an account maintained with DTC promptly after the expiration or terminatio

You will not be required to pay brokerage commissions or fees or, except as set forth below under "—Transfer Taxes," transfer taxe your Restricted Notes in the exchange offer. We will pay all charges and expenses, other than applicable taxes, in connection with the ex Expenses" below.

Expiration Date; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on February 1, 2011 unless we determine, in our sole discretion, t which case, it will expire at the later date and time to which it is extended. We do not intend to extend the exchange offer, although we re extend or terminate the exchange offer, we will give oral or written notice of the extension to the exchange agent and give each registere release or other public announcement of any extension prior to 9:00 a.m., New York City time, on the next business day after the schedu extend the exchange offer past February 9, 2011.

We also reserve the right, in our sole discretion,

(1) to delay accepting any Restricted Notes, to the extent in a manner compliant with Rule 14e-1(c) of the Exchange Act, in t extended,

(2) subject to applicable law and by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies, to e of the conditions set forth below under "—Conditions to the Exchange Offer" have not been satisfied or waived, to termin oral or written notice of the delay or termination to the exchange agent, or

(3) to amend the terms of the exchange offer in any manner, by complying with Rule 14e-1(d) under the Exchange Act to the any material amendment to the terms of the exchange offer or waive any material condition, we will keep the exchange of days after we notify you of such change or waiver. If we make a material change to the terms of the exchange offer, it ma with an amendment to this prospectus reflecting that change. We may only delay, terminate or amend the offer prior to its

We acknowledge and undertake to comply with the provisions of Rule 14e-l(c) under the Exchange Act, which requires us to return for exchange promptly after the termination or withdrawal of the exchange offer. We will notify you as promptly as we can of any extens

Procedures for Tendering Restricted Notes

The Restricted Notes were issued as global notes in fully registered form without interest coupons. Beneficial interests in the global participants in DTC are shown on, and transfers of these interests are effected only through, records maintained in book-entry form by D You may only tender your Restricted Notes by book-entry transfer of the Restricted Notes into the exchange agent's account at DTC. Th by you, as set forth below, and our acceptance of the Restricted Notes will constitute a binding agreement between us and you, upon the set forth in this

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prospectus. Except as set forth below, to tender Restricted Notes for exchange pursuant to the exchange offer, you must transmit to Wilm agent, on or prior to the time of expiration either:

(1) a written or facsimile copy of a properly completed and duly executed letter of transmittal for your Restricted Notes, inclu by the letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

(2) a computer-generated message transmitted by means of DTC's Automated Tender Offer Program (ATOP) system and rec forming a part of a confirmation of book-entry transfer, in which you acknowledge and agree to be bound by the terms of notes.

In addition, the exchange agent must receive, on or prior to the expiration date:

(1) a timely confirmation of book-entry transfer (a "book-entry confirmation") of the Restricted Notes into the exchange agen

(2) you must comply with the guaranteed delivery procedures described below.

If you are a beneficial owner whose Restricted Notes are registered in the name of a broker, dealer, commercial bank, trust company tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's b may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent's accoun behalf, you must, prior to completing and executing the letter of transmittal for your Restricted Notes and delivering your Restricted Not arrangements to register ownership of the Restricted Notes in your name or obtain a properly completed bond power from the registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless:

- Restricted Notes tendered in the exchange offer are tendered either
  - by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery transmittal, or
  - for the account of an eligible institution; and
- the box entitled "Special Registration Instructions" on the letter of transmittal has not been completed.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a financial i banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the Medallion Program or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person other than you, your Restricted Notes must be endorsed or accompanied by a proper
signed by you as your name appears on those Restricted Notes.

If the letter of transmittal or any Restricted Notes or bond powers are signed by trustees, executors, administrators, guardians, attorn
corporations, or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive t
you must submit with the letter of transmittal proper evidence satisfactory to us of their authority to act on your behalf.

We, in our sole discretion, will make a final and binding determination on all questions as to the validity, form, eligibility (including Restricted Notes tendered for exchange. We reserve the absolute right to reject any and all tenders not properly tendered or to not accept might, in our judgment or our counsel's, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditio individual tender before the expiration date (including the right to waive the ineligibility of any holder who seeks to tender Restricted No interpretation of the terms and conditions of the exchange offer as to any particular tender either before or after the expiration date will b Unless waived, any defects or irregularities in connection with tenders of Restricted Notes for exchange must be cured within a reasonab We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your exchange, and no one shall be liable for failing to provide such notification.

By tendering Restricted Notes, you represent to us that: (i) the Exchange Notes to be issued to you in the exchange offer are acquire business; (ii) at the time of the commencement of the exchange offer you have no arrangement or understanding with any person to parti meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offer in violation of the Securities Act; (iii) yo Rule 405 of the Securities Act, (iv) you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be is (v) if you are a purchasing broker-dealer, that you will receive the Exchange Notes for your own account in exchange for the Restricted a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of such Exc acting on behalf of any persons or entities who could not truthfully make the foregoing representations. For further information regarding participating broker-dealers, see the discussion under the caption "Plan of Distribution."

If any holder or other person is an "affiliate" of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to or understanding with any person to participate in, a distribution of the Exchange Notes, that holder or other person cannot rely on the ap of the Commission, may not tender its Restricted Notes in the exchange offer and must comply with the registration and prospectus deliv Act in connection with any resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes, where the Restricted Notes market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the any resale of the Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that meaning of the Securities Act. See "Plan of Distribution."

Furthermore, any broker-dealer that acquired any of its Restricted Notes directly from us:

- may not rely on the applicable interpretation of the staff of the Commission's position contained in Exxon Capital Holding (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-acti

- must also be named as a selling securityholder in connection with the registration and prospectus delivery requirements of resale transaction.

By delivering an agent's message, a beneficial owner (whose Restricted Notes are registered in the name of a broker, dealer, comme nominee) or holder will be deemed

to have irrevocably appointed the exchange agent as its agent and attorney-in-fact (with full knowledge that the exchange agent is also ac connection with the exchange offer) with respect to the Restricted Notes, with full power of substitution (such power of attorney being de coupled with an interest subject only to the right of withdrawal described in this prospectus), to receive for our account all benefits and o beneficial ownership of such Restricted Notes, in accordance with the terms and conditions of the exchange offer.

Each beneficial owner or holder will also be deemed to have represented and warranted to us that it has authority to tender, exchang Restricted Notes it tenders and that, when the same are accepted for exchange, we will acquire good, marketable and unencumbered title clear of all liens, restrictions, charges and encumbrances, and that the Restricted Notes tendered are not subject to any adverse claims or holder, by tendering its Restricted Notes, also agrees that it will comply with its obligations under the registration rights agreement.

Acceptance of Restricted Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all Rest will issue the Exchange Notes promptly after acceptance of the Restricted Notes. See "—Conditions to the Exchange Offer." For purpose deemed to have accepted properly tendered Restricted Notes for exchange if and when we give oral (confirmed in writing) or written not

The holder of each Restricted Note accepted for exchange will receive an Exchange Note in the amount equal to the surrendered Re Notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive intere date to which interest has been paid on the Restricted Notes or, if no interest has been paid, from the issue date of the Restricted Notes. H receive any payment in respect of accrued interest on Restricted Notes otherwise payable on any interest payment date, the record date fo consummation of the exchange offer.

In all cases, issuance of Exchange Notes for Restricted Notes that are accepted for exchange will be made only after timely receipt b message and a timely confirmation of book-entry transfer of the Restricted Notes into the exchange agent's account at DTC.

If any tendered Restricted Notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if Res greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Restricted Notes will be returned witho maintained with DTC promptly after the expiration or termination of the exchange offer.

Guaranteed Delivery Procedures

If you desire to tender your Restricted Notes and your Restricted Notes are not immediately available, time will not permit your Res documents to reach the exchange agent before the time of expiration or you cannot complete the procedure for book-entry on a timely ba

- you tender through an eligible financial institution;
- on or prior to 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from an eligible institut properly completed and duly

executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us; and

- a book-entry confirmation, and all other documents required by the letter of transmittal, are received by the exchange agen Exchange trading days after the date of execution of the notice of guaranteed delivery.

The notice of guaranteed delivery may be sent by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery m

- your name and address;
- the amount of Restricted Notes you are tendering; and
- a statement that your tender is being made by the notice of guaranteed delivery and that you guarantee that within three N days after the execution of the notice of guaranteed delivery, the eligible institution will deliver the following documents t
  - a book-entry confirmation of tender;
  - a written or facsimile copy of the letter of transmittal, or a book-entry confirmation instead of the letter of transmit
  - any other documents required by the letter of transmittal.

Book-Entry Transfers

The exchange agent will make a request to establish an account for the Restricted Notes at DTC for purposes of the exchange offer date of this prospectus. Any financial institution that is a participant in DTC's systems must make book-entry delivery of Restricted Note Restricted Notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. This participant should tran prior to the expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered Restricted Notes into the exch then send to the exchange agent confirmation of this book-entry transfer. The transmission of the Restricted Notes and agent's message to receipt by the exchange agent of the related agent's message will be deemed to be a valid tender.

If one of the following situations occurs:

- you cannot deliver a book-entry confirmation of book-entry delivery of your book-entry interests into the relevant accoun
- you cannot deliver all other documents required by the letter of transmittal to the exchange agent prior to the time of expi

then you must tender your book-entry interests according to the guaranteed delivery procedures discussed above.

Withdrawal Rights

For a withdrawal of a tender of Restricted Notes to be effective, the exchange agent must receive a valid withdrawal request through
Program (ATOP) system from the tendering DTC participant before the expiration date. Any such request for withdrawal must include t
withdrawn and the name of the ultimate beneficial owner of the related Restricted Notes in order that such notes may be withdrawn. Prop
may be re-tendered by following the procedures described under "—Procedures for Tendering

Restricted Notes" above at any time on or before 5:00 p.m., New York City time, on the expiration date.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any Rest deemed not to have been validly tendered for exchange. No Exchange Notes will be issued unless the Restricted Notes so withdrawn are

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer and subject to our obligations under the registration rights agreement, we exchange, or to issue Exchange Notes in exchange for, any Restricted Notes and may terminate or amend the exchange offer, if at any tir exchange offer any of the following events occur:

- the exchange offer violates applicable law or any applicable interpretation of the staff of the Commission;
- an action or proceeding has been instituted or threatened in any court or by any governmental agency that might materiall the exchange offer and any material adverse development shall have occurred in any existing action or proceeding with re
- all governmental approvals have not been obtained, which approvals we deem necessary for the consummation of the exc

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to them, subject to appl whole or in part at any time and from time to time any particular condition in our sole discretion. If we waive a condition, we may be req applicable securities laws, to extend the expiration date of the exchange offer. Our failure at any time to exercise any of the foregoing rig these rights and these rights will be deemed ongoing rights that may be asserted at any time (in the case of any condition involving gover consummation of the exchange offer) and from time to time prior to the time of expiration (in the case of all other conditions).

In addition, we will not accept for exchange any Restricted Notes tendered, and no Exchange Notes will be issued in exchange for a the time the notes are tendered any stop order is threatened by the Commission or in effect with respect to the registration statement of w qualification of the indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act" or "TIA").

The exchange offer is not conditioned on any minimum principal amount of Restricted Notes being tendered for exchange.

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Exchange Agent

We have appointed Wilmington Trust FSB as exchange agent for the exchange offer. Questions, requests for assistance and requests prospectus, letter of transmittal and other related documents should be directed to the exchange agent addressed as follows:

By Mail, Hand or Overnight Delivery:

Wilmington Trust FSB
c/o Wilmington Trust Company
Corporate Capital Markets
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-1626

By Facsimile:

(302) 636-4139

For Information or Confirmation by Telephone:

Sam Hamed
(302) 636-6181

The exchange agent also acts as trustee under the indenture.

Fees and Expenses

The principal solicitation is being made through DTC by Wilmington Trust FSB, as exchange agent. We will pay the exchange agen reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and p including registration and filing fees, fees and expenses of compliance with federal securities and state blue sky securities laws, printing services and telephone, fees and disbursements to our counsel, application and filing fees and any fees and disbursement to our independ firm. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer. We will pay the estimated connection with the exchange offer.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates' officers and regular employees an exchange agent.

Transfer Taxes

You will not be obligated to pay any transfer taxes in connection with the tender of Restricted Notes in the exchange offer unless yo
Notes in the name of, or request that Restricted Notes not tendered or not accepted in the exchange offer be returned to, a person other th
In those cases, you will be responsible for the payment of any applicable transfer tax.

Accounting Treatment

We will record the Exchange Notes at the same carrying value as the Restricted Notes, as reflected in our accounting records on the
we will not recognize any gain or loss for accounting purposes as the term of the Exchange Notes are substantially identical to those of th
of the exchange offer will be amortized over the terms of the Exchange Notes.

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Consequences of Failing to Exchange Restricted Notes

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer or qualify to elect to have your Restricted N registration form, your Restricted Notes will continue to be subject to the provisions of the indenture regarding transfer and exchange of restrictions on transfer of the Restricted Notes imposed by the Securities Act and state securities law. These transfer restrictions are requi were issued under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable the Restricted Notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transa Act and applicable state securities laws. We do not plan to register the Restricted Notes under the Securities Act.

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer or qualify to elect to have your Restricted N registration form, you will continue to be entitled to all the rights and limitations applicable to the Restricted Notes as set forth in the ind further obligation to you to provide for the exchange and registration of the Restricted Notes under the registration rights agreement othe Purpose and Effect." Therefore, the liquidity of the market for your Restricted Notes could be adversely affected upon completion of the participate in the exchange offer.

Participating Broker-Dealers

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes, where such Restricted Notes dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection Notes. See "Plan of Distribution."

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BASIS OF FINANCIAL INFORMATION

The term "Predecessor" refers to our predecessor company, BMSMI, formerly a division of BMS, and now known as Lantheus Med "Successor" refers to Lantheus MI Intermediate, Inc., our direct parent, and its subsidiaries. The financial statements included in this pros the year ended December 31, 2007, have been prepared on a carve-out basis using BMS's historical bases in the assets and liabilities and operations of BMSMI. The financial statements have been derived from the consolidated financial statements and accounting records of and records representing the business of BMSMI when operated as a division of BMS. These financial statements have been prepared in

The statement of operations for the year ended December 31, 2007 includes expense allocations for certain corporate functions histo BMS, including general corporate expenses related to corporate functions such as executive oversight, risk management, information tec investor relations, human resources, shared services and employee benefits and incentives, including pension and other post retirement b compensation arrangements. Additionally, the statement of operations includes expense allocations relating to the effects of foreign curre

We considered these allocations to be a reasonable reflection of the utilization of services provided or benefits received. The allocat expense BMSMI would have incurred as a stand-alone company, and the expense allocation methodologies used by BMS may not repres stand-alone business. Actual costs that may have been incurred if BMSMI had been a stand-alone company would depend on a number o organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as inform infrastructure.

In addition, certain Predecessor items have been reclassified to conform with Successor's presentation.

Therefore, the results of operations, changes in equity and cash flows for the Successor and Predecessor periods are not comparable prepared using the Predecessor's bases in the assets and liabilities and the historical results of operations for the year ended December 31 December 31, 2007 have been prepared using our bases in the assets and liabilities.

Following the Acquisition, our audited financial statements were prepared at the Lantheus Intermediate level rather than at the Lanth financial arrangements undertaken in connection with the Acquisition. Because BMSMI is the legal predecessor to Lantheus, we believe predecessor of Lantheus MI Intermediate which owns 100% of the capital stock of Lantheus and has no other operations and holds no ot

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NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted EBITDA and the ratios related thereto, as presented in this prospectus, are supplemental measures of our per or presented in accordance with, generally accepted accounting principles in the United States ("GAAP"). They are not measurements of GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP operating activities as measures of our liquidity.

Our measurement of EBITDA and Adjusted EBITDA and the ratios related thereto may not be comparable to similarly titled measu measures of performance calculated in accordance with GAAP. We have included information concerning EBITDA and Adjusted EBITI believe that such information is used by certain investors as one measure of a company's historical performance.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitut results or cash flows as reported under GAAP. Some of these limitations are:

- they do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal paym
- although depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future, and E not reflect any cash requirements for such replacements;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as compara

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only see the consolidated financial statements included elsewhere in this prospectus for our GAAP results.

For a presentation of net income as calculated under GAAP and reconciliation to our calculation of EBITDA and Adjusted EBITDA Consolidated Financial Data" in this prospectus.

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USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proce
Exchange Notes or the exchange offer. Accordingly, the issuance of the Exchange Notes will not result in any increase in our outstandin
capitalization. We will bear the expenses of the Exchange Offer.

RATIO OF EARNINGS TO FIXED CHARGES

Year Ended December 31,		Nine Months Ended September 30,
2008	2009	2010
3.9x	4.1x	1.7x

For purposes of calculating the ratio of earnings to fixed charges, earnings represents the sum of income before income taxes, fixed
capitalized interest, less capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortization of deferred finan
financing costs and the portion of rental expense which management believes is representative of the interest component of rent expense
ended December 31, 2007 is presented on a carve-out basis, utilizing allocations which do not separately and distinctly identify fixed cha
presented the ratio of earnings to fixed charges for 2007.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2010. The following table sh
"Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Result of Operations" and c
notes thereto included in this prospectus.

	As of September 30, 2010 (Unaudited) (dollars in thousands)
Cash and cash equivalents	$ 36,447
Long-term debt, including current portion:	
Senior secured credit facilities:	
Revolving credit facility(1)	—
9.75% Senior Notes	$ 250,000
Total long-term debt, including current portion	250,000
Total stockholder's equity	155,361
Total capitalization	$ 405,361

(1) Our senior secured credit facilities provide for a $42.5 million revolving credit facility, under w
amounts outstanding.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth (i) selected consolidated financial data for Lantheus Intermediate, our parent company and a guaranto
the nine months ended September 30, 2009 and 2010, which have been derived from the unaudited consolidated financial statements of I
elsewhere in this prospectus, (ii) certain selected consolidated financial data for Lantheus Intermediate, our parent company and a guaran
of and for the fiscal years ended December 31, 2008 and 2009, which have been derived from the audited consolidated financial statemer
included elsewhere in this prospectus and (iii) certain selected consolidated financial data for BMSMI (as "Predecessor," formerly a divis
Lantheus Medical Imaging, Inc.) for the year ended December 31, 2007, which have been derived from the audited financial statements
this prospectus. The financial statements of BMSMI as of and for the year ended December 31, 2007 were prepared in connection with A
January 8, 2008 and contain expense allocations for corporate functions historically provided to BMSMI by BMS and not costs that we w
a stand-alone entity. These statements have been prepared using the Predecessor's bases in the assets and liabilities and the historical resu
financial statements of BMSMI as of and for the year ended December 31, 2007 are not comparable to our financial statements for subse
Financial Information."

The selected financial data as of and for the years ended December 31, 2005 and 2006 have been omitted. Such data are unknown a
require the preparation of financial data for the predecessor on a carve-out basis. This preparation would require substantial management
without the expenditure of unreasonable time, effort and expense. We believe the omission of this financial data does not have a material
results of operations, financial performance and related trends.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should re
"Capitalization," "Management's

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Discussion and Analysis of Financial Condition and Results of Operations" and the audited and unaudited consolidated financial stateme
elsewhere in this prospectus.

	Predecessor	Successor			
		Year Ended December 31,		Nine Months Ended September 30,	
	2007	2008	2009	2009	2010
	(dollars in thousands)				
Statement of Operations:					
Total revenues	$ 629,177	$ 536,844	$ 360,211	$ 277,675	$ 259,1
Cost of goods sold(1)	223,674	244,496	184,844	139,988	139,5
General and administrative expenses(1)	28,331	64,909	35,430	27,056	22,5
Sales and marketing expenses(1)	64,724	45,730	42,337	30,904	33,8
Research and development expense	50,005	34,682	44,631	32,117	34,9
In-process research and development	—	28,240	—	—	
Restructuring and other charges, net	9,841	—	—	—	
Operating income	252,602	118,787	52,969	47,610	28,1
Interest expense	—	31,038	13,458	11,214	13,9
Interest income	—	693	73	49	1
Loss on early extinguishment of debt	—	—	—	—	3,0
Other (expense) income, net	(4,224)	2,950	2,720	3,109	5
Income before income taxes	248,378	91,392	42,304	39,554	11,8
Income tax provision	97,073	48,606	21,952	21,527	4,2
Net income	$ 151,305	$ 42,786	$ 20,352	$ 18,027	$ 7,5
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ —	$ 21,036	$ 31,480	$ 21,465	$ 36,4
Total assets	539,221	528,035	492,543	509,396	519,5
Total liabilities	68,852	240,226	181,964	201,785	364,1
Current portion of long-term debt	—	15,000	30,000	15,000	
Total long-term debt	—	127,751	63,649	78,649	250,0
Total stockholder's equity	470,369	287,809	310,579	307,611	155,3

(1) For comparability purposes, a reclassification totaling $15,788 has been made from general and administrative a
cost of goods sold in the Predecessor period to be consistent with the Successor period presentation. Accordingl
corresponding amounts in the audited financial statements of the Predecessor included elsewhere in this prospec

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations and financial statements in conjunction with the the accompanying notes and the other financial information included in this prospectus. This section contains forward looking statement uncertainties. Our actual results may vary materially from those discussed in the forward looking statements as a result of various factor those set forth in "Risk Factors," as well as other matters described in this prospectus. Actual results may differ materially from those co statements. See "Cautionary Note Regarding Forward Looking Statements."

Overview

We are a leading specialty pharmaceutical company that develops, manufactures, distributes and sells innovative diagnostic medica basis. Our current imaging agents primarily assist in the diagnosis of heart, vascular and other diseases using nuclear imaging, ultrasound have a full clinical and preclinical development program of next-generation and first-in-class products that use PET and MRI technologie offer significant benefits to patients, healthcare providers and the overall healthcare system. As a result of more accurate diagnosis of dis healthcare providers to make more informed patient care decisions, potentially improving outcomes, reducing patient risk and decreasing healthcare system.

We have operations in the United States, Puerto Rico, Canada and Australia and distribution relationships in Europe, Asia Pacific ar used by nuclear physicians, cardiologists, radiologists, internal medicine physicians, technologists and sonographers working in a variety products to radiopharmacies, hospitals, clinics, group practices, integrated delivery networks, group purchasing organizations and, in cer

Our Products

Our principal products include DEFINITY, an ultrasound contrast agent, Cardiolite, a myocardial perfusion imaging agent, and Tec provide the radioisotope to radiolabel Cardiolite and other radiopharmaceuticals. In the United States, DEFINITY, Cardiolite and Techne internal sales force and sold either to radiopharmacies or directly to end-users. Radiopharmacies reconstitute certain of the products into which are then sold directly to hospitals, clinics and group practices. Internationally, in some countries these products are marketed throu either through our radiopharmacies or directly to end-users, and in other countries through distributors. DEFINITY, Cardiolite and Techn for approximately 72% and 78% of our global revenues during the nine months ended September 30, 2010 and 2009, respectively and ap total revenues in 2009.

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

(dollars in thousands)	Nine Months Ended September 30, 2010	%	2009	%
Revenue				
Cardiolite	$ 56,559	22	$ 94,389	
TechneLite	86,641	33	91,485	
DEFINITY	44,142	17	30,307	
Other	71,815	28	61,494	
	$ 259,157	100	$ 277,675	1

Cardiolite is the leading technetium-based radiopharmaceutical used in SPECT MPI procedures. Cardiolite is primarily used for det Cardiolite was approved by the FDA in 1990, and its market exclusivity expired in July 2008. During the nine months ended September Cardiolite generated net revenues of $56.6 million and $94.4 million, respectively, and Cardiolite accounted for approximately 22% and respectively. For the year ended December 31, 2009, Cardiolite generated total revenues of $119.3 million, and Cardiolite accounted for of our total revenues in 2007, 2008 and 2009.

TechneLite is a technetium-based generator which provides the essential nuclear material used by radiopharmacies to radiolabel Ca radiopharmaceuticals used in nuclear medicine procedures. TechneLite uses Moly as its main active ingredient. During the nine months September 30, 2009, TechneLite generated net revenues of $86.6 million and $91.5 million, respectively, and accounted for approximate respective period. For the year ended December 31, 2009, TechneLite generated net revenues of $112.9 million and accounted for appro net revenues in 2007, 2008 and 2009, respectively.

DEFINITY is the leading ultrasound contrast agent used in ultrasound exams of the heart, also known as echocardiography exams. micro-bubbles, and is indicated in the United States for use in patients with suboptimal echocardiograms to assist in the imaging of the le endocardial border of the heart in ultrasound procedures. We launched DEFINITY in 2001, with market exclusivity currently until the en ended September 30, 2010 and September 30, 2009, DEFINITY generated net revenues of $44.1 million and $30.3 million, respectively, approximately 17% and 11% of our net revenues, respectively. For the year ended December 31, 2009, DEFINITY generated net revenu accounted for approximately 9%, 4% and 12% of our net revenues in 2007, 2008 and 2009, respectively.

In April 2009, in order to continue to diversify our product portfolio, we purchased the U.S., Canadian and Australian rights to an M from EPIX Pharmaceuticals, Inc., and in June 2010, we acquired the remaining rest of world rights to Ablavar. Ablavar was approved by occlusive disease in adults with known or suspected peripheral vascular disease. We paid an aggregate purchase price of approximately $ $28.2 million in patents, $500,000 in manufacturing know-how acquired from a different party, and $4.1 million in inventory. In the thir trained a contract sales force and a medical liaison staff to prepare for the launch of Ablavar. In January 2010, we formally launched Abl expect that this launch will enable us to capitalize on the current usage of MRA contrast agents in MRA procedures and the overall grow medical imaging industry. The revenue recognized relating to Ablavar for the first nine months of 2010 was not material to our financial

In 2009 and 2008, we experienced a reduction in gross profit of approximately $117.0 million and $113.2 million, respectively. The decrease is a shift in product sales mix and a decrease in pricing related to our higher margin products in 2009, as compared to 2008, and decrease in 2009, as compared to 2008, was primarily due to a decrease in our higher margin product Cardiolite and the decrease in 2008 primarily due to a decrease in our higher margin products Cardiolite and DEFINITY, which was offset, in part, by an increase in our low discussed below, the reduction in sales related to Cardiolite in 2009 and 2008 was due primarily to the expiration of Cardiolite's market e 2008, and the introduction of generic competition, which began in September 2008. The reduction in sales in 2008, as compared to 2007 sales of which were negatively impacted by the addition of a boxed warning in late 2007. Our gross profit margin for 2009, as compared impacted by an $8.2 million inventory revaluation recorded in 2008 as a result of our acquisition from BMS and $32.8 million of additio recorded in 2008 primarily related to the expiration of Cardiolite's market exclusivity in 2008 after which amortization ceased. In additio decreased by 28% in 2008, as compared to 2007, which was also negatively impacted by the inventory revaluation recorded in 2008 and lower margin product TechneLite.

Key Factors Affecting Our Results

DEFINITY Boxed Warning

In October 2007, the FDA requested that all of the manufacturers of ultrasound contrast agents add a boxed warning to their produc about potentially serious safety concerns or risks posed by the products. As a result of the boxed warning, unit sales of DEFINITY decre early 2008. In May 2008, the boxed warning was modified by the FDA in response to the efforts of prescribing physicians. Since the re-l sales of DEFINITY have continued to increase quarter over quarter. As we better educate the physician and healthcare provider commun this product, we believe we will experience further penetration of suboptimal echocardiograms.

Cardiolite Competitive Position

Cardiolite's market exclusivity expired in July 2008. In September 2008, the first of several competing generic products to Cardiolit faced significant pricing pressure, management believes our share of the MPI segment decreased from approximately one half to approxi segment from 2008 through the end of the second quarter of 2010. This is in comparison to many drugs which see a greater than 50% sha months after exclusivity expires. We believe that Cardiolite has been able to retain substantial share and its leadership position because o of the agent's safety and efficacy profile, loyalty to the agent within the cardiology community, and our strong relationships with our dist Cardiolite has been able to retain its leadership position in the face of an overall moderate decline in the MPI segment due to a change in appropriateness guidelines, on-going reimbursement pressures, the limited availability of Moly during the recent reactor shutdowns and t use of other diagnostic modalities as a result of a temporary shift to more available imaging agents and modalities. In the latter case, give profile of technetium generator-based MPI agents, with the major global Moly producers now operating again, we believe that there will orders for Cardiolite from our Cardiolite channel partners.

Global Moly Supply Challenge

Our TechneLite product uses Moly as its main active ingredient. Historically, our largest supplier of Moly has been Nordion which Chalk River, Ontario. This reactor

was off-line from May 2009 until August 2010 due to a "heavy water" leak in the reactor vessel. We have taken several steps in response including expanding sourcing from South Africa and Belgium, and pursuing additional global solutions. We recently entered into an agre Moly from the SAFARI reactor in South Africa. NTP, in turn, has partnered with IRE to co-supply us from the Belgian BR2 reactor. IRE several other smaller European reactors. We are also pursuing additional sources of Moly from potential new producers around the worl supply. In addition, we are exploring a number of alternative Moly projects with existing reactors and technologies as well as new techno

With the general instability in the global supply of Moly and recent supply shortages, we have faced substantial increases in the cos historical costs. We attempt to pass these Moly cost increases on to our customers in our customer contracts. Additionally, the instability resulted in Moly producers requiring, in exchange for fixed Moly prices, supply minimums in the form of take-or-pay obligations. The M incremental negative effect on the use of other technetium generator based diagnostic imaging agents, including Cardiolite. With less Mo generators for radiopharmacies and hospitals to make up unit doses of Cardiolite, resulting in decreased share of Cardiolite in favor of Th that does not require Moly, and other diagnostic modalities. However, with the return to service of the NRU reactor, we believe that Card benefit. In addition, since the NRU reactor restart, Thallium demand has decreased but not yet to pre-shortage levels, and TechneLite dem its pre-shortage levels. We believe that eventually the relative demand for Thallium and TechneLite will return to pre-shortage levels. Se upon third parties for the manufacture and supply of a substantial portion of our products could prevent us from delivering our products t quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues."

Comparability of Annual Financial Statements

The financial statements included in this prospectus for BMSMI, as of and for the year ended December 31, 2007, have been prepar BMS's historical bases in the assets and liabilities and the historical results of the operations of BMSMI. The financial statements have b financial statements and accounting records of BMS, principally from statements and records representing the business of BMSMI when These financial statements have been prepared in accordance with GAAP.

The statement of operations includes expense allocations for certain corporate functions historically provided to BMSMI by BMS, i expenses related to corporate functions such as executive oversight, risk management, information technology, accounting, audit, legal, i shared services and employee benefits and incentives, including pension and other post retirement benefits and stock-based compensatio statement of operations includes expense allocations relating to the effects of foreign currency derivatives.

We considered these allocations to be a reasonable reflection of the utilization of services provided or benefits received. The allocat expense BMSMI would have incurred as a stand-alone company, and the expense allocation methodologies used by BMS may not repres stand-alone business. Actual costs that may have been incurred if BMSMI had been a stand-alone company would depend on a number o organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as inform infrastructure.

Therefore, the results of operations, changes in equity and cash flows for the Successor and Predecessor periods are not comparable prepared using the Predecessor's bases in the assets and liabilities and the historical results of operations for the year ended December 31 December 31, 2007 have been prepared using our bases in the assets and liabilities.

For the purpose of convenience, we have assumed an effective date of January 1, 2008 for the acquisition. We determined the result effective date and the acquisition date are not material and these results have been included with our results of operations. In the accomp income, we included net revenues of approximately $12.0 million, gross profit of approximately $8.3 million, operating income of appro income of $3.3 million relating to the period from January 1, 2008 through January 7, 2008. The net income effect of this period of $3.3 cash earnings within operating activities on the consolidated statement of cash flows and as goodwill on the consolidated balance sheet.

Trends and Outlook

The following have negatively impacted our results in the nine months ended September 30, 2010:

- The combination of the global Moly supply shortage affecting our ability to supply TechneLite generators to the market;
- continued Cardiolite generic competition;
- DEFINITY's reduced level of sales as a result of the boxed warning and subsequent re-launch; and
- limited Ablavar revenues to offset costs related to the launch of the product and the hiring of our contract sales force and

Following the launch of Ablavar and further education of its benefits, we anticipate, as a result of our efforts, that market acceptanc future.

For the remainder of 2010, we expect that these challenges will be partially mitigated as a result of the expected continued increase year basis, anticipated continued leadership position of Cardiolite among myocardial perfusion imaging agents and the anticipated return resulting in increased unit volume of TechneLite as compared to during the NRU reactor outage.

Description of Key Line Items

Revenues

The majority of our revenue is derived from product revenue. Product revenue can be affected by changes in raw material availabili competitive pressures in the market. Product pricing is reduced upon entrance of generic competition to the marketplace, offset by decrea brand name sales are replaced by generic. Other revenue represents contract manufacturing performed with respect to one product for on included in cost of goods sold.

Cost of Goods Sold

Cost of goods sold consists of manufacturing, distribution and other costs related to our commercial products. In addition, it include obsolete inventory. Most of our manufacturing and distribution costs are internal costs which include salaries and expenses related to ma chain and quality assurance. Certain raw material costs and volumes are subject to product availability and variable pricing, which can ha our products in any given period. The cost of Moly was historically purchased through contractual pricing arrangements with a sole supp material have since been diversified, which has resulted in variable pricing. With the general instability in the global supply of Moly and also faced increases in the cost of Moly in comparison to our historical costs. We attempt to pass these Moly cost increases on to our cus

Research and Development Expenses

Research and development expenses consist of costs incurred in identifying, developing and testing product candidates. These expe and related expenses for personnel, fees paid to professional service providers for monitoring and analyzing clinical trials, regulatory cos FDA, costs related to the development of our approved products, costs of contract research and manufacturing and the cost of facilities. I development expenses include the cost of our medical affairs and medical information functions, which educate physicians on the scienti products and the approved indications, labeling and the costs of monitoring adverse events. After FDA approval of a product candidate, associated with a product as cost of goods sold rather than as research and development expenses. We expense research and developmen they are incurred. Because of our ability to utilize resources across several projects, many of our research and development costs are not are allocated among multiple projects. We record direct costs on a project-by-project basis. We record indirect costs in the aggregate in s development. Development costs for clinical stage programs such as Flurpiridaz F18 tend to be higher than earlier stage programs such a because of the costs associated with conducting late stage clinical trials and supporting manufacturing infrastructure.

We expect that research and development expenses relating to our portfolio will fluctuate depending primarily on the timing and ou manufacturing initiatives and the results of our decisions based on these outcomes. We expect to incur additional expenses over the next related to our product development candidates, including Flurpiridaz F18, ^{18}F LMI1195 and BMS 753951. We also expect manufacturing included in research and development expenses to increase as we support our manufacturing infrastructure for later stages of clinical dev

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries and other related costs for personnel in sales, marketing and business dev functions, as well as other costs related to our commercial products. We also incurred sales, marketing and other related costs in the third associated with our launch of Ablavar. In the third quarter of 2009, we hired and trained a contract sales force and a medical liaison staff Ablavar. Other costs included in sales and marketing expenses include sales and marketing costs related to our co-promotion and market samples, promotional materials, market research and sales meetings. We expect to continue to incur sales and marketing costs associated marketing functions and maintaining our sales force to support our commercial products.

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General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs for personnel in executive, finance, accoun and human resource functions. Other costs included in general and administrative expenses include certain facility and insurance costs, i liability insurance, as well as professional fees for legal, consulting and accounting services.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial s prepared in accordance with GAAP. These financial statements requires us to make estimates and judgments that affect our reported asse expenses, and other financial information. Actual results may differ materially from these estimates under different assumptions and con financial condition and results of operations could vary due to a change in the application of a particular accounting standard.

We believe the following represent our critical accounting policies and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue when evidence of an arrangement exists, title has passed, substantially all the risks and rewards of ownership the selling price is fixed or determinable and collectibility is reasonably assured. For transactions for which revenue recognition criteria l respective amounts are recorded as deferred revenue until such point in time when criteria are met and revenue can be recognized. Rever which consist of allowances for returns, sales rebates and chargebacks. The estimates of these allowances are based on historical sales vo assumptions and judgements to be made in order to make such estimates. In the event that the sales mix is different from our estimates, w lower total price adjustments and/or chargebacks than we previously estimated. Any changes to these estimates are recorded in the curre changes in estimates were not material to our results.

Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whe stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. Supply the charge of a nonrefundable initial fee with subsequent periodic payments for future products or services. The up-front fees, even if no revenue is recognized) as the products and/or services are delivered and performed over the term of the arrangement.

Estimates for rebates and allowances represent our estimated obligations under contractual arrangements with third parties. Rebate a recorded in the same period the related revenue is recognized, resulting in a reduction to product revenue and the establishment of a liabi expenses. These rebates result from performance-based offers that are primarily based on attaining contractually specified sales volumes group purchasing organizations and certain distributor related commissions. The calculation of the accrual for these rebates and allowanc 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 follows: rebates and allowances. An analysis of the amount of, and change in, reserves is summ

(in thousands)	Rebates	Allowances	Total
Balance, as of January 1, 2008	$ 9,672	$ 64	$ 9,7
Current provisions relating to sales in current year	19,228	635	19,8
Adjustments relating to prior years	(7)	—	
Payments/credits relating to sales in current year	(11,256)	(538)	(11,7
Payments/credits relating to sales in prior years	(9,665)	(64)	(9,7
Balance, as of December 31, 2008	$ 7,972	$ 97	$ 8,0
Current provisions relating to sales in current year	1,996	471	2,4
Adjustments relating to prior years	(1,586)	—	(1,5
Payments/credits relating to sales in current year	(1,579)	(430)	(2,0
Payments/credits relating to sales in prior years	(6,376)	(97)	(6,4
Balance, as of December 31, 2009	$ 427	$ 41	$ 4
Current provisions relating to sales in current year	2,149	368	2,5
Adjustments relating to prior years	—	—	
Payments/credits relating to sales in current year	(962)	(318)	(1,2
Payments/credits relating to sales in prior years	(418)	(41)	(4
Balance, as of September 30, 2010	$ 1,196	$ 50	$ 1,2

In July 2008, Cardiolite's market exclusivity expired and generic competition was introduced to the market in September 2008. As a market exclusivity of this product, we experienced a significant decrease in rebates as a majority of contracts associated with Cardiolite e and rebates were paid out through 2009 resulting in the decline of accrued rebates from $9.7 million at January 1, 2008 to $8.0 million at $427,000 at December 31, 2009.

Inventory

Inventories include material, direct labor and related manufacturing overhead, and are stated at the lower of cost or market determin record inventory when we take delivery and title to the product. Any commitment for product ordered but not yet received is included as contractual obligations table. We assess the recoverability of inventory to determine whether adjustments for impairment are required. In requirements is written down to its estimated net realizable value based upon estimates of forecasted demand for our products. The estim assumptions to be made of future operating performance and customer demand. If actual demand is less than what has been forecasted by impairments may be required. Our inventory on hand was $45.0 million, $19.6 million and $13.9 million, net of a reserve for excess and $3.6 million, and $1.5 million, as of September 30, 2010, December 31, 2009 and 2008, respectively. The increase in the reserve was du accessories which reached expiration prior to use as a result of the NRU reactor delay, offset by utilization of reserves as such materials

In July 2010, BVL temporarily shut down the facility where they manufacture DEFINITY, Cardiolite and other products in order to EMEA requirements. BVL has planned for the shutdown to run through March 2011. In anticipation, BVL manufactured additional inve

expected needs during this period. Although BVL has manufactured additional inventory to ensure they meet their ongoing supply requi
contract, they have not delivered the product to us and we have not taken title to

this earlier-produced product nor are we obligated to take more product than we would have under normal supply conditions. Our obliga
manufactured by BVL as a result of their planned shutdown remains consistent with our historical procurement and purchasing practice.

At September 30, 2010 and December 31, 2009 the balances of inventory on hand reflect approximately $25.4 million and $6.0 mil
products and materials related to Ablavar which was a product that was commercially launched in January 2010, of which at September
$21.9 million was included in other non-current assets. We entered into an agreement with a supplier to provide active pharmaceutical in
products for Ablavar under which we are required to purchase quarterly minimum quantities ranging from $6.3 million to $7.5 million o
supply agreement is designed to ensure supply of the product. At September 30, 2010, the total of this remaining minimum purchase com
$56 million. In addition to the minimum commitment, we, at our discretion, can manufacture API into finished product for an additional
inventory when we take delivery, at which time we assume title and risk of loss. We include within current assets the amount of inventor
months. Inventory that will be utilized after twelve months is included in non-current assets.

As noted above, Ablavar, an MRA agent, was commercially launched in January 2010. We are currently in the process of educating
of the product within their patient populations. The revenues for this product through September 30, 2010 have not been significant. Bas
penetration and management's estimates of projected sales, coupled with the potential aggregate six-year shelf life of the finished produc
will be able to use our committed supply. In the event that we do not meet our sales expectations for Ablavar or cannot sell the product w
to its expiration, we would incur inventory losses and/or losses on our purchase commitments.

Goodwill, Intangibles and Long-Lived Assets

Goodwill is not amortized but the carrying value is tested annually for impairment at October 31, as well as whenever events or cha
the carrying amount may not be recoverable. We perform this test by comparing the fair value of the reporting unit containing goodwill t
goodwill. If the fair value exceeds the carrying value, goodwill is not impaired. If the carrying value exceeds the fair value, then we wou
impairment loss by comparing the implied fair value of goodwill with the carrying value of the goodwill. If the implied fair value of goo
then an impairment charge would be recorded.

We calculate the fair value of our reporting units using the income approach which utilizes discounted forecasted future cash flows
utilizes fair value multiples of comparable publicly traded companies. The discounted cash flows are based on our most recent long-term
discounted using a risk adjusted rate of return which is determined using estimates of market participant risk-adjusted weighted-average
risks associated with achieving future cash flows. The market approach is calculated using the guideline company method, where we use
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 t
a combination of the two methods is utilized to derive the fair value of the business. We evaluate and weigh the results of these approach
these two methodologies do not materially differ. We believe the use of these two methodologies ensures a consistent and supportable m
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 c
those assets.

We perform impairment testing for intangible and long-lived assets whenever events or changes in circumstances suggest that the ca assets may not be recoverable. We measure the recoverability of assets to be held and used by comparing the carrying amount of the asse flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment equals the amount by which the exceeds the fair value of the assets. Any impairments are recorded as permanent reductions in the carrying amount of the assets.

We completed our required annual impairment test as of the fourth quarter of 2009 and 2008 and determined that at each of those pe goodwill was not impaired. In each year, our fair value, which includes goodwill, was substantially in excess of our carrying value.

Accounting for Stock-Based Compensation

Our employees are eligible to receive awards from the Lantheus MI Holdings, Inc. 2008 Equity Incentive Plan. Our stock-based co grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents estimate of the awards that will be forfeited. We use the Black-Scholes valuation model for estimating the fair value on the date of grant stock option awards is affected by the valuation assumptions, including the volatility of market participants, expected term of the option, dividends as well as the estimated fair value of the Holdings common stock. The fair value of the Holdings common stock is determined at each award date. Any material change to the assumptions used in estimating the fair value of the options could have a material impact a contingent cash settlement of vested options becomes probable, we reclassify the vested awards to a liability and account for any incre period in which the settlement becomes probable.

Income Taxes

The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. The prov income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences bases of our assets and liabilities. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxab which those tax attributes are expected to be recovered or paid, and are adjusted for changes in tax rates and tax laws when changes are e

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized a valuation allowance is required often requires significant judgment, including the long-range forecast of future taxable income and the initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

We account for uncertain tax positions using a recognition threshold and measurement attribute for the financial statement recogniti position taken or expected to be taken in a tax return. Differences between tax positions taken in a tax return and amounts recognized in t recorded as adjustments to income taxes payable or receivable, or adjustments to deferred taxes, or both. We classify interest and penalti taxes.

We have a tax indemnification agreement with BMS related to certain contingent tax obligations arising prior to the acquisition of t obligations are recognized in liabilities and the tax indemnification receivable is recognized within other noncurrent assets. The

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changes in the tax indemnification asset are recognized within other income, net in the statement of income, and the changes in the relate
tax provision. Accordingly, as these reserves change, adjustments are included in the tax provision while the offsetting adjustment is incl
that the receivable from BMS continues to be considered recoverable by us, there is no net effect on earnings related to these liabilities a

The calculation of our tax liabilities involves certain estimates, assumptions and the application of complex tax regulations in nume
material change in our estimates or assumptions, or the tax regulations, may have a material impact on our results of operations.

Results of Operations

Comparison for the Nine Months Ended September 30, 2010 and 2009

	Nine Months Ended			
	September 30, 2010	September 30, 2009	Change $	Change %
	(dollars in thousands)			
Net product revenues				
Cardiolite	$ 56,559	$ 94,389	$ (37,830)	(40
TechneLite	86,641	91,485	(4,844)	(5
DEFINITY	44,142	30,307	13,835	46
Other currently marketed products	65,653	55,353	10,300	19
Total net product revenues	252,995	271,534	(18,539)	(7
License and other revenues	6,162	6,141	21	—
Total revenues	259,157	277,675	(18,518)	(7
Cost of goods sold	139,591	139,988	(397)	—
Gross profit	119,566	137,687	(18,121)	(13
General and administrative	22,573	27,056	(4,483)	(17
Sales and marketing	33,838	30,904	2,934	9
Research and development	34,957	32,117	2,840	9
Operating income	28,198	47,610	(19,412)	(41
Interest expense	(13,937)	(11,214)	2,723	24
Loss on early extinguishment of debt	(3,057)	—	3,057	100
Interest income	123	49	74	151
Other (expense) income, net	532	3,109	(2,577)	(83
Income before income taxes	11,859	39,554	(27,695)	(70
Provision for income taxes	(4,265)	(21,527)	(17,262)	(80
Net income	$ 7,594	$ 18,027	$ (10,433)	(58

Revenues

Net Product Revenues. We recognized revenue from net product sales of $253.0 million in the nine months ended September 30, 2 the nine months ended September 30, 2009, a decrease of $18.5 million, or 7%. This decrease was primarily due to the following:

- Cardiolite sales decreased $37.8 million, or 40%, from $94.4 million in the nine months ended September 30, 2009 to $56 September 30, 2010. This decrease was primarily due to the continued impact from the expiration of Cardiolite's market e subsequent introduction of generic competition which began in

September 2008, as well as the decrease in available Moly caused by the global Moly supply shortage. As a result, unit vo the United States decreased by 37% and 12%, respectively, in the nine months ended September 30, 2010 as compared to September 30, 2009;

- TechneLite sales decreased $4.8 million, or 5%, from $91.5 million in the nine months ended September 30, 2009 to $86. September 30, 2010. This decrease was primarily due to 25% lower unit volume in the United States caused by the global in May 2009 and continued until August 2010 and lower demand. We believe the lower demand was due to greater efficie radiopharmacies in response to the extended global Moly supply shortage offset, in part, by a 17% net average selling pric segments in the U.S. related to the incremental molybdenum and distribution costs that, in accordance with our distributio through to our customers; and

- Other marketed products decreased $151,000 on a consolidated basis largely due to a $1.7 million decrease in Neurolite fr from timing and $901,000 increase in customer rebates. These decreases were partly offset by an $838,000 increase in thi increase in Gallium and $870,000 increases in our other marketed products.

These decreases were offset, in part, by the following:

- DEFINITY sales increased $13.8 million, or 46%, from the nine months ended September 30, 2009 to the nine months en increase was due to a 44% increase in United States sales volume as a result of continued unit sales growth following the in May 2008 and the subsequent re-launch of the product in June 2008, and 2% net average selling price increase across a

- Thallium sales increased $5.9 million, or 58%, from the nine months ended September 30, 2009 to the nine months ended was due largely to a 79% increase in United States volume due to its substitution for technetium-based studies as a result in part, by a 7% net average selling price reduction across all customer segments; and

- Xenon sales increased $4.5 million due to 15% higher U.S. volume from new customers and 31% net higher average selli segments in the U.S..

License and Other Revenues. License and other revenue remained level at $6.1 million in the nine months ended September 30, 20 respectively. We recorded $4.3 million in other revenue related to contract manufacturing in the nine-month periods ended September 30 addition, we recorded license revenue of $1.9 million in the nine-month periods ended September 30, 2010 and September 30, 2009.

Costs and Expenses

Cost of Goods Sold. Cost of goods sold in the nine months ended September 30, 2010 was $139.6 million compared to $140.0 mil September 30, 2009, a decrease of $397,000. Gross profit in the nine months ended September 30, 2010 was $119.6 million compared to ended September 30, 2009, a decrease of $18.1 million or 13%. The decrease in cost of goods sold was primarily due to:

- a $6.1 million decrease of amortization related to intangible customer relationships and capitalized software; and

- a $2.1 million decrease in other marketed products from lower cost.

These decreases were offset, in part, by:

- a net increase of $4.5 million directly related to the end of the global Moly shortage, which is comprised of a decrease in v $18.3 million offset by an increase in the cost of Moly purchased of approximately $13.8 million;
- a $2.0 million increase in Xenon, driven by higher volume from new customers; and
- a $1.2 million increase in Ablavar cost primarily from project expenses related to material cost improvements.

The decrease in gross profit was primarily attributable to:

- a decrease in margins of $36.5 million from volume reductions of Cardiolite; and
- net margin loss of $5.9 million directly related to the global Moly shortage.

These decreases were offset, in part, by:

- higher DEFINITY volume of $12.9 million;
- lower amortization of $6.1 million related to intangible customer relationships and capitalized software;
- a $2.5 million increase from higher Xenon volume and average selling price; and
- a $2.8 million increase from third party and other products.

Sales and Marketing Expenses. Consolidated sales and marketing expenses for the nine months ended September 30, 2010 were $ $30.9 million for the nine months ended September 30, 2009. As a percentage of net revenue, sales and marketing expense was 13% and respectively. The $2.9 million or 9%, increase was primarily attributable to the following:

- a $2.7 million increase related to a contract sales force hired in 4Q 2009, to support Ablavar;
- a $789,000 increase related to advertising and other promotional materials, samples and other related costs associated wit
- a $526,000 increase related to new product, business development initiatives for flurpiridaz F18 and other potential produ
- a $378,000 related to costs to support the launch of and sales force training for Ablavar;
- a $101,000 increase in exhibit and other commercial product promotional activity due to a shift in timing of the American meeting from October in 2009 to September in 2010; and

- a $146,000 increase related to site depreciation and overhead costs related to our sales and marketing function.

These increases were offset, in part, by the following:

- an $875,000 decrease in advertising and other promotion costs related to DEFINITY due to delay of new agency selection
- a $602,000 decrease in credit card fees as a result of lower sales revenue; and
- a $239,000 decrease in salary, benefits and other employee related expenses associated with our sales and marketing funct

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2010 were $ $27.1 million for the nine months ended September 30, 2009. The $4.5 million, or 17%, decrease was primarily attributable to the follow

- a $2.8 million decrease in external consulting related to our infrastructure cost improvement initiative;
- a $1.6 million decrease related to lower salary, benefits and employee related expenses within the general and administrat
- a $707,000 decrease in information technology external contractor and services, primarily for non-recurring business trans cost control efforts in 2010;
- a $585,000 decrease in accounting, tax and other business advisory professional services related to business transition acti
- a $264,000 decrease in legal fees and professional services primarily related to lower intellectual property, business oppor recurring business transition activities in 2009.

These decreases were offset, in part, by the following:

- a $906,000 increase for amortization of capital software, partly offset with lower site costs primarily related to transition a efforts in 2010; and
- a $506,000 increase for international related recruitment fees, professional and legal services, certain IT and other costs.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2010 were $ $32.1 million in the nine months ended September 30, 2009 an increase of approximately $2.9 million, or 9%.

The following table summarizes the primary components of our research and development expenses for the nine months ended Sept

	Nine Months Ended September 30,	
	2010	2009
	(dollars in millions)	
Flurpiridaz F18	$ 3.2	$ 3.0
Other clinical programs	0.5	2.2
Total clinical programs	3.7	5.2
Personnel salary, benefits and other employee related	17.1	13.4
General research and development expenses	14.2	13.5
Total research and development expenses	$ 35.0	$ 32.1

The following summarizes the expenses associated with our primary research and development programs:

Flurpiridaz F 18. During the nine months ended September 30, 2010, we incurred $3.2 million in expenses related to our PET per compared to $3.0 million during the nine months ended September 30, 2009, an increase of approximately $287,000, or 10%. This increa of patient enrollment related to our phase II study and completion of enrollment in second quarter of 2010.

Other Clinical Programs. During the nine months ended September 30, 2010, we incurred $454,000 in expenses related to other c
$2.2 million during the nine months ended September 30, 2009, a decrease of $1.8 million, or 80%. The decrease related primarily to a $
related to a DEFINITY phase IV study in combination with $1.2 million decreased spend related to the Cardiolite pediatrics trial.

Personnel salary, benefits and employee related expenses were $17.1 million in the nine months ended September 30, 2010 compare months ended September 30, 2009, an increase of $3.6 million, or 27%. This increase was due primarily to increased new employees to s and for additional medical liaison support for Ablavar.

General research and development expenses were $14.2 million in the nine months ended September 30, 2010 compared to $13.5 m September 30, 2009, an increase of approximately $694,000, or 5%. The increase is due to $1.0 million for additional pharmacovigilance $439,000 regulatory fees related to our DEFINITY product and our annual product registration fee to European Medicines Agency, $202 and services, and $90,000 in certain IT related costs. These increases were offset, in part, by a $228,000 decrease in external lab services supplies related to earlier phases of clinical programs, and a $203,000 decrease primarily for lower costs associated with European regula

We anticipate that our research and development expenses related to our Flurpiridaz F 18 program for 2010 will consist primarily o Phase II and planning of our Phase III clinical trials.

Other

Interest Expense. Interest expenses was $13.9 million in the nine months ended September 30, 2010 compared to $11.2 million in September 30, 2009, an increase of $2.7 million, or 24%. This increase was due to interest expense associated with the new 9.75% Senio

Loss on early extinguishment of debt. The loss on early extinguishment of debt was $3.1 million for the nine months ended Septem consisted of a $2.3 million write-off of deferred financing costs and $779,000 of prepayment penalty.

Interest Income. Interest income was $123,000 in the nine months ended September 30, 2010, compared to $49,000 in the nine mo an increase of $74,000.

Other (Expense) Income, net. In the nine months ended September 30, 2010 we had income of $532,000, compared to income of $ ended September 30, 2009. The decrease was primarily attributable to changes in foreign currency rates, lower estimate of recovery of u settlement of uncertain tax positions of $319,000 relating to state income taxes.

Provision for Income Taxes

The provision for income taxes was $4.3 million in the nine months ended September 30, 2010 compared to $21.5 million in the nin 2009, a decrease of $17.3 million. This decrease in the first nine months of 2010 versus the first nine months of 2009 was due to lower ta including changes in the applicable state income tax rates on deferred tax assets and true-ups of tax provisions to actual tax returns filed. rate (excluding discrete events) on a full year basis is 36.75% applied to current year income. During the nine months ended September 3 relating to discrete events was primarily related to interest expense associated with uncertain tax positions, the settlement of uncertain tax provisions to actual filed tax returns. These amounts reflect our estimates of the effective rates expected to be applicable for the respectiv discrete events, which are recorded in the period that they occur. These estimates are reevaluated each quarter based on our estimated tax

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Segment Discussion

We have five operating segments, which are: United States, Canada, Australia, United Kingdom and Puerto Rico. Our segments der manufacturing, marketing, selling and distribution of medical imaging products, focused primarily on cardiovascular diagnostic imaging September 30, 2010 and 2009, no single operating segment, outside of the United States, accounted for more than 10% of total sales, 10% total assets. Accordingly, we report the U.S. reporting segment separately and the non-U.S. operating segments as All Other.

	Nine months ended September 30,			
	2010	2009	Change $	Change
		(in thousands)		
Revenue				
U.S.	$ 225,244	$ 247,980	$ (22,736)	
All Other	57,030	51,215	5,815	
Total revenue, including inter-segment	282,274	299,195	(16,921)	
Less: Inter-segment revenue	(23,117)	(21,520)	(1,597)	
	$ 259,157	$ 277,675	$ (18,518)	
Revenues from external customers				
Cardiolite	$ 40,105	$ 76,942	$ (36,837)	(
TechneLite	77,520	85,493	(7,973)	
DEFINITY	43,459	29,870	13,589	
Other	41,043	34,155	6,888	
U.S.	202,127	226,460	(24,333)	(
All Other	57,030	51,215	5,815	
	$ 259,157	$ 277,675	$ (18,518)	
Operating income/(loss)				
U.S.	$ 25,451	$ 47,599	$ (22,148)	(
All Other	3,675	(6,202)	9,877	1
Total operating income, including inter-segment	29,126	41,397	(12,271)	(
Inter-segment operating income	(928)	6,213	(7,141)	(1
	$ 28,198	$ 47,610	$ (19,412)	(

The reasons for the decreases in the United States segment revenues and operating income are consistent with those discussed above decreases in sales of our Cardiolite and TechneLite products, offset in part by increases in DEFINITY. The United States segment was d global Moly supply shortage as a large portion of TechneLite sales loss was absorbed by the U.S. segment. The increases in the All Othe income result mainly from the increase in other marketed products sales.

Inter-segment revenues represent sales of certain products made from our U.S. segment to our All Other segment. Inter-segment op elimination of the margin relating to the sales made from our U.S. segment to the All Other segment, as well as the elimination of inter-s segment to our customers.

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Comparison of the Years Ended December 31, 2009 and 2008

The following table sets forth certain consolidated statements of income data and information for the periods indicated:

	Year Ended December 31,			
	2009	2008	Change $	Change %
	(dollars in thousands)			
Net Product Revenues				
Cardiolite	$ 119,304	$ 321,674	$ (202,370)	(63)
TechneLite	112,910	124,287	(11,377)	(9)
DEFINITY	42,942	20,439	22,503	110
Other currently marketed products	77,147	65,340	11,807	18
Total net product revenues	352,303	531,740	(179,437)	(34)
License and other revenues	7,908	5,104	2,804	55
Total revenues	360,211	536,844	(176,633)	(33)
Cost of goods sold	184,844	244,496	(59,652)	(24)
Gross profit	175,367	292,348	(116,981)	(40)
Sales and marketing	42,337	45,730	(3,393)	(7)
General and administrative	35,430	64,909	(29,479)	(45)
Research and development	44,631	34,682	9,949	29
In-process research and development	—	28,240	(28,240)	(100)
Operating income	52,969	118,787	(65,818)	(55)
Interest expense	(13,458)	(31,038)	(17,580)	(57)
Interest income	73	693	(620)	(89)
Other income, net	2,720	2,950	(230)	(8)
Income before income taxes	42,304	91,392	(49,088)	(54)
Provision for income taxes	(21,952)	(48,606)	(26,654)	(55)
Net income	$ 20,352	$ 42,786	$ (22,434)	(52)

Revenues

Net Product Revenues. We recognized revenue from net product sales of $352.3 million in 2009 compared to $531.7 million in 20 34%. This decrease was primarily due to the following:

- Cardiolite sales decreased $202.4 million, or 63%, from $321.7 million in 2008 to $119.3 million in 2009. This decrease w of Cardiolite's market exclusivity in July 2008 and the introduction of generic competition which began in September 200 maintain our leadership position, unit volume and price in the United States decreased by 22% and 47%, respectively, in 2 Key Factors Affecting Our Results—Cardiolite Competitive Position;" and

- TechneLite sales decreased $11.4 million, or 9%, from $124.3 million in 2008 to $112.9 million in 2009. This decrease w
  the United States caused by the Moly supply shortage which began in May 2009 offset, in part, by an increase in price in t
  incremental Moly and distribution costs that we were able to pass through to our customers, resulting in a 9% decline in re

These decreases were offset, in part, by the following:

- DEFINITY sales increased $22.5 million, or 110%, from 2008 to 2009 due to a 104% increase in sales volume as a result warning in May 2008 and the subsequent re-launch of the product in June 2008; and
- other marketed products increased $11.8 million, or 18%, largely due to $6.7 million of higher sales of Thallium due to its products as a result of the Moly shortage, a $3.1 million increase in revenue as a result of continued demand for Neurolite sales of third party products and a $3.4 million decrease in customer rebates in 2009 as compared to 2008 as a result of a

License and Other Revenues. License and other revenue increased $2.8 million, or 55%, to $7.9 million in 2009 from $5.1 million due to $2.5 million in license revenue recorded in 2009. In addition, we recorded $5.4 million and $5.1 million in fiscal years 2009 and 2 related to our contract manufacturing services related to a product for one customer.

Costs and Expenses

Cost of Goods Sold. Cost of goods sold in 2009 was $184.8 million, compared to $244.5 million in 2008, a decrease of $59.7 mill was $175.4 million, compared to $292.3 million in 2008, a decrease of $117.0 million, or 40%. The decrease in cost of goods sold was d intangible amortization incurred in 2008, primarily related to the Cardiolite patent exclusivity which expired in July 2008. In addition, co an $8.2 million inventory revaluation recorded in 2008 as a result of the acquisition of our business from BMS, a $17.5 million decrease between TechneLite and Thallium as a result of the Moly shortage and a $1.2 million decrease as a result of changes in Cardiolite volum The decrease in gross profit was primarily attributable to price reductions for Cardiolite relating to the generic event of approximately $2 DEFINITY and Thallium margins of $35.3 million, lower intangible amortization of $32.8 million and an inventory revaluation of $8.2 m margin on license revenue, and an increase in third party product margin of $4.9 million.

Sales and Marketing Expenses. Sales and marketing expenses for 2009 were $42.3 million, compared to $45.7 million for 2008. A and marketing expense was 11.8% and 8.5% for 2009 and 2008, respectively. The $3.4 million, or 7%, decrease in 2009 was primarily a

- a decrease of approximately $1.1 million in salary and other costs related to certain personnel reductions in our field sales
- a decrease of $5.5 million in employee travel, meetings and other employee expenses related to personnel reductions and

These decreases were offset, in part, by the following:

- an increase of approximately $2.1 million related to promotional materials, advertising and other costs (market research, m programs) associated with the launch of Ablavar;
- an increase of $947,000 related to the hiring of a contract sales force to support the launch of Ablavar; and
- an increase of $213,000 for promotional materials, advertising for DEFINITY and Cardiolite.

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General and Administrative Expenses. General and administrative expenses for 2009 were $35.4 million compared to $64.9 millio 45%, decrease in 2009 was primarily attributable to the following:

- a decrease of approximately $13.0 million in termination and severance related charges associated with the closure of our
- a decrease of approximately $10.8 million in transition related charges attributable to our service support agreements with
- a decrease of $8.7 million in consulting and other related expenses to support a stand-alone infrastructure, payroll implem divestiture related activities;
- a decrease of $2.5 million in legal fees primarily related to lower transition and intellectual property related activity;
- a decrease of $1.0 million related to lower bonus expense for the year ended at December 31, 2009 as compared to Decem
- a decrease of $1.0 million for independent educational grants, which were included in general and administrative costs in development in 2009.

The decreases were offset, in part, by the following:

- an increase of $4.4 million in consulting, information technology and other related expenses to support a stand-alone infra and other divestiture related activities;
- an increase of approximately $1.4 million in salary, wages and other personnel related costs;
- an increase of $1.1 million in depreciation expense primarily related to information technology hardware and software pu
- an increase of $641,000 in overhead expense related to increased costs to operate our North Billerica, Massachusetts facil

Research and Development Expenses. Research and development expenses in 2009 were $44.6 million compared to $34.7 million approximately $9.9 million, or 29%.

The following table summarizes the primary components of our research and development expenses for the years ended December

	Year Ended December 31,	
	2009	2008
	(dollars in millions)	
Flurpiridaz F18	$ 4.2	$ 2.3
^{18}F LMI1195	0.8	—
Other clinical programs	2.8	1.9

Total clinical programs	7.8	4.2
Personnel salary, benefits and other employee related	18.3	17.0
General research and development expenses	18.5	13.5
Total research and development expenses	$ 44.6	$ 34.7

The following summarizes the expenses associated with our primary research and development programs:

Flurpiridaz F18 (PPA). During 2009, we incurred $4.2 million in expenses related to our PPA program compared to $2.3 million $1.9 million, or 83%. This increase was primarily due to the following:

- a $1.2 million increase in clinical services and analysis costs related to our Phase II clinical trial;
- a $430,000 increase in clinical site costs due to increased enrollment in the Phase II trial; and
- a $276,000 increase in contractor site-monitoring support and travel expenses related to increased effort in the Phase II cli

^{18}F LMI1195 ("Cardiac Neuronal Imaging"). During 2009, we incurred $769,000 in expenses related to our Cardiac Neuronal Im clinical trials. Because this was the initial year of clinical trial expenses under the program, the expenses incurred related primarily to:

- approximately $448,000 of expenses related to clinical services and analysis costs related clinical trial interpretation; and
- approximately $321,000 in clinical site costs related to increasing enrollment in the program.

Other Clinical Programs. During 2009, we incurred $2.8 million in expenses related to other clinical trial programs compared to $ increase of $0.9 million, or 47%. The increase related primarily to $901,000 in contractor support and professional services fees for the c Phase IV study.

Personnel salary, benefits and employee related expenses were $18.3 million in 2009 compared to $17.0 million in 2008, a $1.3 mil was due to $1.1 million in increased travel and relocation costs to support clinical programs, $406,000 increase in contracted support staf monitoring and a $487,000 increase in field based technical MRI support related to Ablavar, offset, in part, by a decrease of $653,000 in not fully achieving certain annual EBITDA targets in 2009.

General research and development expenses were $18.5 million in 2009 compared to $13.5 million in 2008, a $5.0 million, or 37%, primarily to a $2.0 million increase in research, clinical and lab supplies resulting from our continued research efforts, and $3.6 million i services to support chemistry, manufacture and control development, PPA development, data statistic management and clinical complian by a decrease in unallocated facility related costs, which were $0.6 million due to reduced infrastructure costs. The remaining general res which are incurred in support of all of our research and development programs, are not easily allocable to any individual program, and th general research and development expenses.

We anticipate that our research and development expenses related to our PPA program for 2010 will consist primarily of costs relate clinical trials for Flurpiridaz F18.

In-process Research and Development ("IPR&D"). In 2008, as a result of the acquisition from BMS, we allocated $28.2 million t IPR&D was determined by estimating costs to develop the purchased IPR&D into commercially viable product, the phase the project wa

generated from the project. The estimated fair value of in-process research and development related to PET perfusion agents. Immediatel
acquisition, the $28.2 million IPR&D was charged to expense.

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Other

Interest Expense. Interest expenses was $13.5 million in 2009, compared to $31.0 million in 2008, a decrease of $17.6 million, or decrease in our outstanding debt in 2009 of approximately $49.1 million.

Interest Income. Interest income was $73,000 in 2009, compared to $693,000 in 2008, a decrease of $620,000, or 89%. This chang available cash balances and lower interest rates.

Other Income, net. Other income, net in 2009, was $2.7 million, compared to $3.0 million in 2008. The decrease was primarily att of income recognized related to our tax indemnification agreement with BMS.

Provision for Income Taxes. The provision for income taxes was $22.0 million in 2009 compared to $48.6 million in 2008, a decr was due to lower taxable income in 2009 as compared to 2008. Our effective tax rates for the years ended December 31, 2009 and 2008 respectively. The excess of our effective tax rate over the statutory rate in 2009 is driven principally by the tax effect of our uncertain tax changes in the applicable state tax rates that are applied to deferred tax assets. The excess of our effective tax rate over the statutory rate of the in-process research and development charge and our uncertain tax positions.

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Comparison of the Years Ended December 31, 2008 and 2007

The following table sets forth certain consolidated statements of income data and information for the periods indicated:

	Successor	Predecessor		
	Year Ended December 31,			
	2008	2007	Change $	Change %
	(dollars in thousands)			
Net Product Revenues				
Cardiolite	$ 321,674	$ 405,039	$ (83,365)	(21)
TechneLite	124,287	104,941	19,346	18
DEFINITY	20,439	57,254	(36,815)	(64)
Other currently marketed products	65,340	57,167	8,173	14
Total net product revenues	531,740	624,401	(92,661)	(15)
License and other revenues	5,104	4,776	328	7
Total revenues	536,844	629,177	(92,333)	(15)
Cost of goods sold(1)	244,496	223,674	20,822	9
Gross profit	292,348	405,503	(113,155)	(28)
Sales and marketing(1)	45,730	64,724	(18,994)	(29)
General and administrative(1)	64,909	28,331	36,578	129
Research and development	34,682	50,005	(15,323)	(31)
Restructuring	—	9,841	(9,841)	(100)
In-process research and development	28,240	—	28,240	100
Operating income	118,787	252,602	(133,815)	(53)
Interest expense	(31,038)	—	(31,038)	(100)
Interest income	693	—	693	100
Other income (expense), net	2,950	(4,224)	7,174	(170)
Income before income taxes	91,392	248,378	(156,986)	(63)
Provision for income taxes	(48,606)	(97,073)	(48,467)	(50)
Net income	$ 42,786	$ 151,305	$ (108,519)	(72)

(1) For comparability purposes, a reclassification totaling $15,788 has been made from general and administrative a cost of goods sold in the Predecessor period to be consistent with the Successor period presentation. Accordingl corresponding amounts in the audited financial statements of the Predecessor included elsewhere in this prospec

Revenues

Net Product Revenues. We recognized revenue from net product sales of $531.7 million in 2008 compared to $624.4 million in 20 15%. This decrease was primarily due to the following:

- Cardiolite sales decreased $83.4 million, or 21%, from $405.0 million in 2007 to $321.7 million in 2008. This decrease w
  Cardiolite's market exclusivity and the introduction of generic competition which began in September 2008. As a result, v

price in the United States were 10% and 6%, lower, respectively, in 2008 as compared to 2007; and

- DEFINITY sales decreased $36.8 million, or 64%, from 2007 to 2008, due to a 63% decline in sales volume as a result of 2007.

These decreases were offset, in part, by a $19.3 million, or 18%, increase in TechneLite sales due to a price increase in the United S volumes in 2008. We gained share in 2007 as a result of a competitor manufacturing delay in 2007.

Cost of Goods Sold. Cost of goods sold in 2008 was $244.5 million, compared to $223.7 million in 2007, an increase of $20.8 mil goods sold was due, in part, to an $8.2 million inventory revaluation recorded in 2008 as a result of our acquisition from BMS, higher int approximately $900,000, higher insurance costs of $2.8 million, increased DEFINITY cost of $1.4 million due to increased volume, high and a $3.6 million increase in third party product cost. These increases in costs were offset, in part, by a $2.3 million decrease in Cardiol Gross profit in 2008 was $292.3 million, compared to $405.5 million in 2007, a decrease of $113.2 million, or 28%. The decrease in gros to decreased sales volumes from Cardiolite and DEFINITY resulting in decreases of $81.1 and $38.3 million, respectively, due to the exp Cardiolite in 2008 and the DEFINITY boxed warning in 2007. In addition, there were higher intangible amortization and an inventory re amounts were offset, in part, by a $3.8 million increase in margin due to a change in TechneLite and Thallium mix and $14.3 million in c

Sales and Marketing Expenses. Sales and marketing expenses for 2008 were $45.7 million, compared to $64.7 million for 2007. A sales and marketing expense was 8.5% and 10.3% for 2008 and 2007, respectively. The $19.0 million, or 29%, decrease in 2008 was prin

- a decrease of approximately $10.8 million in salary and related costs attributed to the closure of our European operations
- a decrease of approximately $7.1 million in infrastructure costs, such as car leases, software and support following a reduc
- a decrease of $2.3 million in international employee travel, meetings, and other employee expenses due to restructuring ar

These decreases were offset, in part, by an increase of $1.2 million related to the loss of reimbursement of certain selling expenses t a certain co-promotion arrangement with a business partner.

General and Administrative Expenses. General and administrative expenses for 2008 were $64.9 million compared to $28.3 millio 129%, increase in 2008 was primarily attributable to the following:

- an increase of approximately $13.0 million in termination and severance charges associated with the closure of our Europ
- an increase of $10.9 million in transition related charges in accordance with our service support agreements with BMS fol
- an increase of $12.1 million in consulting, information technology and other related expenses to support a stand-alone infr and other divestiture related activities;

- an increase of $4.4 million in legal costs to support our transition to a stand-alone business;
- an increase of approximately $980,000 for management advisory services as a result of the acquisition;
- an increase of $849,000 in stock-based compensation related to options grants issued to employees after the acquisition; a
- an increase of $1.3 million in salary, bonus and other related costs related to additional personnel hired in connection with

The increases were offset, in part, by the following:

- a $3.8 million decrease in international general and administrative costs related primarily to our change in how we operate
- a $1.1 million decrease of stand-alone insurance costs as compared to allocated insurance charges prior to the acquisition;
- a $978,000 decrease in procurement related charges allocated to general and administrative prior to the acquisition. In 200 charges in cost of products sold;
- a $839,000 decrease in educational grants; and
- a $381,000 decrease in other general and administrative charges due to lower stand-alone costs as compared to allocated g prior to the acquisition.

Research and Development Expenses. Research and development expenses in 2008 were $34.7 million compared to $50.0 million approximately $15.3 million, or 31%. This decrease was primarily due to the completion of Cardiolite pediatric trial and related expenses as well as a decrease in the number of employees performing research and development functions as a result of a restructuring in early 20

The following table summarizes the primary components of our research and development expenses for the years ended December

	Successor	Predecessor
	Year Ended December 31,	
	2008	2007
	(dollars in millions)	
Flurpiridaz F18	$ 2.3	$ 0.2
Cardiolite Pediatric	0.4	6.5
Other clinical programs	1.5	3.0
Total clinical programs	4.2	9.7
Personnel salary, benefits and other employee related	17.0	22.6
General research and development expenses	13.5	17.7
Total research and development expenses	$ 34.7	$ 50.0

The following summarizes the expenses associated with our primary research and development programs:

Flurpiridaz F18 (PPA). We incurred $2.3 million in expenses in 2008 related to our PPA program compared to $200,000 during 2
1050%. This increase was primarily due to clinical services, and analysis costs related to our Phase II clinical trial.

Cardiolite Pediatric Study. Approximately $6.1 million in lower Cardiolite pediatric clinical trial costs upon submission to the FD subsequent approval of pediatric extension in January 2008.

Other Clinical Programs. During 2008, we incurred $1.5 million in expenses related to other clinical trial programs compared to $ decrease of $1.5 million or 50%. The decrease primarily related to DEFINITY clinical trials relating to contractor support and profession Phase IV study.

Personnel salary, benefits and employee-related expenses were $17.0 million in 2008, compared to $22.6 million in 2007, a $5.6 mi decrease was due to a $2.9 million decrease in salary and travel personnel related costs and a $2.7 million decrease in associated benefit in research and development related to our 2007 restructuring.

General research and development expenses were $13.5 million in 2008 compared to $17.7 million in 2007, a $4.2 million, or 24%, primarily to a $3.5 million decrease in professional services, offset, in part, by an increase in $600,000 related to pharmacovigilance and facility-related costs were $7.5 million in 2008, compared to $8.2 million in 2007. The decrease was primarily due to reduced infrastruct research and development expenses, which are incurred in support of all of our research and development programs, are not easily alloca therefore, have been included in general research and development expenses.

Restructuring Charges. During 2007, we recorded charges of $9.8 million in termination benefits and other related costs for work 150 manufacturing, research and development, selling and administrative personnel primarily due to the closure of two clinical programs exclusivity for Cardiolite in 2008. A determination was made by management to realign resources consistent with the scale of the busine customers and patients we serve.

Other

Interest Expense. Interest expense was $31.0 million in 2008 and was related to our debt facility which we entered into on January have a debt facility.

Other Income (Expense), Net. Other income, net in 2008 was $3.0 million, compared to $4.2 million of other expense in 2007. Th attributable to foreign exchange gains and changes in the amount of income recognized related to our tax indemnification agreement witl

Segment Discussion

We have five operating segments, which are: United States, Canada, Australia, United Kingdom and Puerto Rico. The Company's s the manufacturing, marketing, selling and distribution of medical imaging products, focused primarily on cardiovascular diagnostic imag single operating segment, outside of the United States, accounts for more than 10% of total sales, 10% of operating profit or 10% of total significant trends or factors which are unique to any one operating segment and, as a result, management believes that a discussion of seg necessary to obtain an understanding of our results of operations.

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Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash flows:

	Nine months ended September 30	
	2010	2009
	(dollars in thousands)	
Cash provided by (used in):		
Operating activities	$ 26,893	$ 76,728
Investing activities	(5,384)	(35,596)
Financing activities	(17,045)	(41,802)
Effect of foreign exchange rate on cash	503	1,099
Net (decrease) increase in cash and cash equivalents	$ 4,967	$ 429

The following table provides information regarding our cash flows:

	Successor		Predecessor
	Year Ended December 31,		
	2009	2008	2007
	(dollars in thousands)		
Cash provided by (used in):			
Operating activities	$ 95,783	$ 178,445	$ 243,218
Investing activities	(38,351)	(530,832)	(4,808)
Financing activities	(49,102)	376,466	(235,880)
Net increase in cash and cash equivalents	$ 10,444	$ 21,036	—

Net Cash Provided by Operating Activities

Our primary sources of operating cash flows are products sold. Our primary uses of cash in our operations are for inventories and ot marketing expenses, research and development expenses, general and administrative expenses and interest payments.

Net cash provided by operating activities in the first nine months of 2010 reflected our net income of $7.6 million, adjusted by non- $34.3 million, offset by changes in accounts receivable, prepaid expenses, inventories, income taxes payable, accrued expenses and othe totaling $15.0 million. Non-cash items included amortization and depreciation of $30.0 million, provisions for excess and obsolete inven compensation of $397,000 and changes in the deferred tax provision of $893,000. Accounts receivable increased by $13.4 million prima sales as a result of the NRU reactor returning to service and increasing the available Moly supply. Inventories increased by $27.7 million Ablavar product. Prepaid expenses and other assets increased by $588,000 primarily due to the timing of prepayments on relating to certa payable decreased $2.7 million as payments have been made in the current period. Accounts payable increased by $21.1 million primaril

related to manufacturing, product development and interest expenses. Accrued expenses increased by $7.3 million primarily due to an in
part, by a decrease in accrued bonuses. Deferred revenue increased by $1.0 million primarily due to the deferral of new product shipmen

Net cash provided by operating activities in the first nine months of 2009 reflected our net income of $18.0 million, adjusted by non
$48.1 million and changes in accounts receivable, prepaid expenses, inventories, income taxes payable, accrued expenses and other opera

assets and liabilities totaling $10.6 million. Non-cash items included amortization and depreciation of $33.7 million, provisions for exces $3.8 million, stock-based compensation of $706,000 and changes in deferred income taxes of $9.6 million. Accounts receivable decrease decreased net product sales. Inventories increased by $11.8 million primarily due to the purchase of Ablavar, Cardiolite and DEFINITY increased by $9.1 million primarily due to the deferral of license revenue. Prepaid expenses and other assets decreased by $4.3 million pr income tax prepayments. Accounts payable increased by $3.4 million primarily due to increased payables related to manufacturing, prod expenses. Accrued expenses decreased by $12.4 million primarily due to the reduction of accrued bonuses, accrued interest and the recei Income tax payable decreased by $3.1 million due to timing of tax payments.

Net cash provided by operating activities in 2009 reflected our net income of $20.4 million, adjusted by non-cash expenses totaling accounts receivable, prepaid expenses, inventories, income taxes payable, accrued expenses and other operating assets and liabilities tota included amortization and depreciation of $41.7 million, stock-based compensation of $1.2 million and changes in the deferred tax provi receivable decreased by $28.0 million, primarily due to decreased net product sales. Inventories increased by $10.6 million, primarily du Ablavar API, and finished goods. Deferred revenue increased by $6.0 million, primarily due to the receipt and partial deferral of a $10.0 single customer. Prepaid expenses and other assets decreased by $5.5 million, primarily due to the utilization of prepaid income taxes an insurance renewals. Income tax payable increased $1.5 million from a prepaid position in the prior year. Accounts payable decreased by reduction in payables related to manufacturing, product development and marketing expenses. Accrued expenses decreased by $15.0 mil transition related costs and accrued bonuses.

Net cash provided by operating activities in 2008 reflected our net income of $42.8 million, adjusted by non-cash expenses totaling accounts receivable, prepaid expenses, inventories, income taxes payable, accrued expenses and other operating assets and liabilities tota included amortization and depreciation of $73.2 million, stock-based compensation of $1.4 million and changes in deferred income taxes decreased by $5.3 million, primarily due to timing of shipments at year end. Deferred revenue increased by $4.1 million, primarily due to certain distributor arrangements. Prepaid expenses and other assets increased by $1.8 million, primarily due to prepayments on insurance tax. Accounts payable increased by $5.1 million, primarily due to increased payables related to manufacturing, product development and expenses increased by $21.7 million, primarily due to an increase in transition related costs and accrued bonuses. Income tax payable dec timing of tax payments.

Net cash provided by operating activities in 2007 reflected our net income of $151.3 million, adjusted by non-cash expenses totaling accounts receivable, prepaid expenses, inventories, income taxes payable, accrued expenses and other operating assets and liabilities tota included amortization and depreciation of $71.8 million, stock-based compensation of $2.4 million and changes in deferred income tax o receivable decreased by $24.6 million. Inventories increased by $0.8 million, primarily due to timing of shipments. Accounts payable de due to a reduction in payables related to manufacturing, product development and marketing expenses. Accrued expenses increased by $ payments of bonuses and other general corporate expenses. Income tax liabilities increased by $6.9 million due to uncertain tax positions

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Net Cash Used in Investing Activities

Our primary uses of cash in investing activities are the purchase of property and equipment and the acquisition of product rights. Ne in the first nine months of 2010 and 2009 reflected the purchase of property and equipment for $5.2 million and $6.1 million, respectivel months of 2010 and 2009, investing activities used $215,000 and $29.5 million, respectively, of cash for the acquisition of the rights to a Ablavar.

Net cash used in investing activities in 2009, primarily reflected the purchase of the Ablavar product rights for $29.5 million and pr $8.9 million. Net cash used in investing activities in 2008 primarily reflected the Holdings acquisition of the BMSMI and the purchase o used in investing activities in 2007 primarily reflected purchases of property and equipment for $4.8 million. We do not expect to have s activities.

Net Cash Provided by (Used in) Financing Activities

Historically, our primary sources of cash flows from financing activities have been the proceeds from the issuance of our term loan borrowing on our line of credit of $28.0 million and proceeds from the issuance of common stock of $245.4 million. Going forward, we flows from financing activities to be equity or debt issuances or other arrangements that we may make or into which we may enter. Our p financing activities are principal payments on our term loan and line of credit. On May 10, 2010, we issued $250.0 million of 9.750% Se "Restricted Notes"). The proceeds of the Restricted Notes were used (i) to repay amounts due under our then existing credit agreement ar Holdings to repay its $75.0 million demand note and for it to repurchase $90.0 million of Holdings' Series A Preferred Stock at the accre

Net cash used in financing activities in 2009 reflected aggregate principal payments on our term loan of $49.1 million and proceeds credit of $28.0 million offset by payments on our line of credit of $28.0 million.

Net cash provided by financing activities in 2008 reflected proceeds from the issuance of our term loan of $296.5 million and proce stock of $245.4 million offset by aggregate principal payments on our term loan $153.7 million and debt issuance costs in connection wi $11.7 million.

Net cash used in financing activities in 2007 reflected net transfers of cash to BMS of $235.9 million.

Sources of Liquidity

On May 10, 2010, we issued the Restricted Notes at face value, net of issuance costs of $6.3 million, under an indenture, dated May Restricted Notes were used to repay $77.9 million due under our outstanding credit agreement and to issue a $163.8 million dividend, wh retained earnings and $98.1 million of additional paid in capital, to Holdings to repay a $75.0 million demand note and for Holdings to re Holdings' Series A Preferred Stock at the accreted value. The $75.0 million demand note was issued in June 2009, was payable on dema rate equal to the greater of the prime rate plus 2.25% or LIBOR plus 5.0%; the interest rate at December 31, 2009 was 5.5%. The Restric Interest on the Notes accrues at a rate of 9.750% per year and is payable semiannually in arrears on May 15 and November 15 commenci anticipate our annual interest expense will increase to $24.4 million as a result of the

Restricted Note issuance. The increase in interest expense related to the Restricted Notes will be offset, in part, by the elimination of prin required under the Credit Agreement and were being made on an accelerated basis through April 2010, as well as an expected increase in flows from growth in DEFINITY, Ablavar and TechneLite, now that the NRU reactor is again operational.

In addition, our revolving line of credit was replaced with a $42.5 million revolving credit facility (the "Facility") with the ability to Facility by an additional amount of up to $15.0 million at the discretion of the lenders. Interest on the Facility will be at LIBOR plus 4% the agreement) plus 3%. At September 30, 2010, there were no amounts outstanding under the Revolver and our aggregate borrowing ca

The Notes contain certain covenants of us and the guarantors that limit the payments of dividends, incurrence of additional indebted disqualified stock and preferred stock, transactions with affiliates, and a merger, consolidation or sale of all or substantially all of our ass were in compliance with all applicable covenants. In addition, we are required to comply with financial covenants in the Facility, includi coverage ratio, beginning with the quarter ended September 30, 2010, as well as limitations on the amount of capital expenditures. The fi our earnings before interest, taxes, depreciation and amortization ("EBITDA"). The total leverage ratio is the financial covenant that is cu requires Lantheus Intermediate and its Subsidiaries (as defined in the Facility) to maintain a leverage ratio of 3.75 to 1.00 for each fiscal quarter ended September 30, 2010 and the first three fiscal quarters in 2011, 3.50 to 1.00 in the last fiscal quarter of 2011 and the first thr to 1.00 thereafter. The interest coverage ratio requires Lantheus Intermediate and its Subsidiaries (as defined in the Facility) to have a co fiscal quarter in 2010 and 2011 and the first three fiscal quarters of 2012, and 2.50 to 1.00 thereafter. Although we believe that our anticip sufficient such that we will be in compliance with our financial covenants, if our upcoming quarterly earnings are not sufficient, we coul ratio covenant.

We entered into an inventory supply agreement with a third party in connection with the launch of Ablavar. This agreement has a m commitment ranging from $6.3 million to $7.5 million through September 2012. At September 30, 2010, the total of this remaining mini approximately $56 million. Accordingly, significant cash outflows will be required during the term of this purchase commitment and cos product launch, with limited cash inflows from Ablavar until market penetration increases further. We believe that we will be able meet t expected increase in results of operations and cash flows which we believe will result from continued increases in the sale of DEFINITY market growth towards sales levels prior to the boxed warning, increase in the sale of TechneLite resulting from the NRU reactor recentl anticipated return of a normalized and sustained Moly supply, increase in the sales of Ablavar as we continue our U.S. launch of the proc remaining rest of world rights, the potential for sales in non-U.S. markets, and the anticipated continued strong position of Cardiolite. In profit due to the global Moly shortage did have a detrimental impact on our cash flows and results of operations, we continued to generat operations during the period of the Moly shortage and we did not make any significant changes to our strategic initiatives as a result of th

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Funding Requirements

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

- the level of product sales of our currently marketed products and any additional products that we may market in the future
- the scope, progress, results and costs of development activities for our current product candidates and whether we obtain a development costs;
- the costs, timing and outcome of regulatory review of our product candidates;
- the number of, and development requirements for, additional product candidates that we pursue;
- the costs of commercialization activities, including product marketing, sales and distribution and whether we obtain a part commercialization costs;
- the costs and timing of establishing manufacturing and supply arrangements for clinical and commercial supplies of our p
- 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 candidates;
- the cost of defending any claims relating to product liability, regulatory compliance or other matters; and
- the costs of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending claims related or licensed to us.

To the extent that our capital resources are insufficient to meet our future capital requirements, we will need to finance our cash nee offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives, to the extent such transacti covenants of our indenture and credit agreement. If any of the transactions require a waiver under the covenants in our indenture and cre obtain such a waiver to remain in compliance with the covenants of the indenture and credit agreement. Our only committed external sou availability under our credit facility. On May 10, 2010, our $50.0 million revolving credit facility was replaced with a new $42.5 million September 30, 2010 we had $42.5 million of borrowing availability under the facility. Additional equity or debt financing, or corporate c arrangements, may not be available on acceptable terms, if at all.

As of September 30, 2010, we had $36.4 million of cash and cash equivalents. Based on our current operating plans, we believe tha equivalents, results of our operations and our revolver will be sufficient to continue to fund our liquidity requirements for at least the nex

Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude contingen
we cannot reasonably predict future payment, including contingencies related to potential future development, financing, certain supplier
and/or scientific, regulatory, or commercial milestone payments

under development agreements. The following table summarizes our contractual obligations as of September 30, 2010:

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More tha 5 Years
	(dollars in thousands)				
Debt obligations (principal)	$ 250,000	$ —	$ —	$ —	$ 250,0
Interest on debt obligations	168,594	24,375	48,750	48,750	46,7
Operating leases(1)	4,845	743	1,536	1,270	1,2
Purchase obligations(2)	212,617	136,393	69,867	6,357	
Asset retirement obligation	4,065	—	—	—	4,0
Other long-term liabilities(3)	29,202	—	—	—	29,2
Total contractual obligations	$ 669,323	$ 161,511	$ 120,153	$ 56,377	$ 331,2

(1) Operating leases include minimum payments under leases for our facilities and certain equipment.

(2) Purchase obligations include fixed or minimum payments under manufacturing and service agreements with thi

(3) Due to the uncertainty related to the timing of the reversal of uncertain tax positions, the liability is not subject t amount and timing of payments, if any, which we will make related to this liability, are not known.

Interest Rate Risk

We are subject to interest rate risk in connection with revolving credit facility, which is variable rate indebtedness. Interest rate char our interest payments and thus negatively impact our future earnings and cash flows. As of September 30, 2010, there was no amount ou credit facility. Any increase in the interest rate under the revolving credit facility will have a negative impact on our future earnings, depe of the revolving credit facility during the respective period.

Off-Balance Sheet Arrangements

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

Effects of Inflation

We do not believe that inflation has had a significant impact on our revenues or results of operations since inception. We expect our operating expenses will change in the future in line with periodic inflationary changes in price levels. Because we intend to retain and co equipment, we believe that the incremental inflation related to the replacement costs of such items will not materially affect our operation affects our expenses, such as those for employee compensation and contract services, which could increase our level of expenses and the

While our management generally believes that we will be able to offset the effect of price-level changes by adjusting our product prices a
efficiencies, any material unfavorable changes in price levels could have a material adverse affect on our financial condition, results of o

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Foreign Currency Risk

We face exposure to movements in foreign currency exchange rates whenever we, or any of our subsidiaries, enter into transactions denominated in currencies other than our, or its, functional currency. Intercompany transactions between entities that use different functi foreign currency risk. During 2009 and the first nine months of 2010, the net impact of foreign currency changes on transactions was a g $415,000, respectively. Historically, we have not used derivative financial instruments or other financial instruments to hedge such econ

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 fo movements. Our gross margin on total revenue was 48.7% in 2009 and 46.1% in the first nine months of 2010. If the U.S. Dollar had bee compared to the actual rates during 2009, our gross margin on total net product sales would have been 48.7%, 49.0% and 49.3%, respect stronger by 1%, 5% or 10%, compared to the actual rates during the first nine months of 2010, our gross margin on total net product sale and 46.7%, respectively.

In addition, a portion of our earnings is generated by our foreign subsidiaries, whose functional currencies are other than the U.S. D consolidated financial results), our earnings could be materially impacted by movements in foreign currency exchange rates upon the tra 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 t subsidiaries, our net product sales and net income for the first nine months of 2010 would have been impacted by approximately the follo

	Approximate Decrease in Net Revenue	Approximate Decrease in Net Income
	(dollars in thousands)	
1%	$ (472)	$ (22)
5%	(2,361)	(111)
10%	(4,723)	(221)

Recent Accounting Standards

In October 2009, the FASB issued an update to the accounting standard for revenue recognition related to multiple-element arrange requires companies to allocate revenue in arrangements involving multiple deliverables based on the estimated selling price of each deliv deliverables are not sold separately either by the company itself or other vendors. This standard eliminates the requirement that all undeli objective and reliable evidence of fair value before a company can recognize the portion of the overall arrangement fee that is attributabl delivered. As a result, the new guidance may allow some companies to recognize revenue on transactions that involve multiple deliverab requirements. We will adopt this standard in the first quarter of 2011 and the adoption is not expected to have a material effect on our co

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INDUSTRY AND MARKET DATA

We obtained the market and competitive position data used throughout this prospectus from our own research, surveys or studies co
industry or general reports compiled by industry and professional organizations, including Global Industry Analysts, Inc. ("GIA"), Frost
Sullivan"), CMS, the Centers for Disease Control and Prevention ("CDC"), the Central Intelligence Agency, the American Heart Associa
The data that was used is publicly available or available through subscriptions that are available to the public for a fee.

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BUSINESS

Overview

We are a leading specialty pharmaceutical company that develops, manufactures and distributes innovative diagnostic medical imag
current imaging agents primarily assist in the diagnosis of heart, vascular and other diseases using nuclear imaging, echocardiography an
a full clinical and preclinical development pipeline of next-generation and first-in-class products that use PET and MRI technologies. We
significant benefits to patients, healthcare providers and the overall healthcare system. As a result of more accurate diagnosis of disease,
healthcare providers to make more informed patient care decisions, potentially improving outcomes, reducing patient risk and decreasing
healthcare system.

With direct operations in the United States, Puerto Rico, Canada and Australia, we have a long and distinguished history of develop
innovative market-changing products.

Our principal branded products include DEFINITY, Cardiolite and TechneLite, which, in the aggregate, accounted for approximate
revenues in 2009 and the nine months ended September 30, 2010, respectively. For the year ended December 31, 2009, we generated tot
and Adjusted EBITDA of $360.2 million, $20.4 million, $96.2 million and $99.9 million, respectively.

Our Products

DEFINITY

DEFINITY Vial for (Perflutren Lipid Microsphere) Injectable Suspension is the leading ultrasound contrast agent used during echo
States, DEFINITY is indicated for use in patients with suboptimal echocardiograms to opacify the left ventricular chamber of the heart a
left endocardial border of the heart.

DEFINITY is sold in vials that contain a clear, colorless, sterile, non-pyrogenic hypertonic liquid, which upon activation with the ai
homogenous, opaque, milky white injectable suspension of perflutron lipid microspheres.

DEFINITY primarily competes with Optison, a GE Healthcare product, as well as other imaging modalities. DEFINITY was the lea
used by echo-cardiologists in 2009, with, we believe, over 90% of sales in this segment. DEFINITY is an advanced technology, derived
coating, which we believe is superior to the alternatives.

DEFINITY, and other drugs in the same class of agents (including Optison), received a boxed warning from the FDA in October 20
reactions following the administration of DEFINITY. The label warned that DEFINITY and other similar perflutren-based imaging agen
have unstable angina, unstable cardiopulmonary disease or a history of acute heart attacks, and suggested that all patients that use DEFIN
minutes following use. When the boxed warning went into effect, most of DEFINITY's customers placed a hold on new orders to obtain
departments within their hospitals and offices and to update protocols for usage. Sales prior to the issued warning were at a last quarter a
as of September 2007, with an approximate 3% penetration of all echocardiograms. Immediately following the boxed warning in Octobe

annualized run rate of approximately $11.2 million based on the three months ended January 2008.

Without our requesting them to do so, physicians within the cardiology and echocardiology communities campaigned in support of by 161 cardiologists to the FDA stating that the benefits of the product outweighed the risks and urged that the boxed warning be

removed. The FDA subsequently revised the boxed warning in May 2008 to state that only at-risk patients should be monitored for 30 m
the FDA posted the update to the warning label on its website. Along with the revised boxed warning, numerous clinical studies have be
effectiveness and safety of DEFINITY. For example, the American College of Cardiology published a paper supporting the use of contra
paper stated that the utilization of CE in technically difficult cases improves endocardial visualization and impacted cardiac diagnosis, re
management. Furthermore, the study reported that after using CE, the percentage of un-interpretable cases decreased from approximately
technically difficult cases decreased from approximately 87% to under approximately 10%.

We initially launched DEFINITY in 2001, with market exclusivity through the end of 2016. In June 2008, we relaunched DEFINIT
U.S. sales of DEFINITY have continued to increase, reflecting a compound annual growth rate of approximately 46% through Septembe
from worldwide sales of DEFINITY improved to $58.9 million (based on revenue from sales of DEFINITY of $44.1 million for the nine
2010). We are actively engaged in driving consensus on the clinical utility of DEFINITY and the favorable benefit/risk profile through m
ourself with key societies such as the American Society of Echocardiography (ASE), International Contrast Ultrasound Society (ICUS) a
the Accreditation of Echocardiography Laboratories (ICAEL). Nearly 2.9 million patients have been administered DEFINITY through S
outlined above and increased acceptance by sonographers and cardiologists, we believe that penetration should continue to increase signi

Cardiolite

Cardiolite (Kit for Preparation of Technetium Tc99m Sestamibi for Injection), also known as "sestamibi", is the leading technetium-
MPI procedures. Cardiolite is primarily used for detecting coronary artery disease. As of September 30, 2010, Cardiolite has been used t
patients. Cardiolite is sold as a lyophilized vial that is administered by intravenous injection for diagnostic use after reconstitution with ra
with our TechneLite generator. Compared to some alternatives, Cardiolite offers a non-invasive, more efficacious diagnostic approach w
exposure. Cardiolite was approved by the FDA in 1990 and its market exclusivity expired in July 2008. In September 2008, the first of s
was launched, and while we have faced significant pricing pressure, we continue to price Cardiolite at a modest premium and have been
because of strong brand awareness and loyalty within the cardiology community, as well as our strong relationships with various distribu

Of total MPI injections in the period from January 2010 to September 2010, management believes we had approximately one third s
Myoview (a GE Healthcare product), the Covidien generic and Thallium. Cardiolite is currently priced at a modest premium to the gener
substantial discount to Cardiolite. While we expect the introduction of additional generics in the future, we believe that due to the compl
production process, there is a heightened awareness of product safety and focus on reliability. We have a strong distribution network and
major distributors, Cardinal and UPPI, who together accounted for approximately three quarters of all nuclear medicine doses sold by rad
as of December 31, 2009.

Cardiolite has grown exponentially since its launch in the United States in 1991 to peak year sales of over $400 million in the years
2007. Cardiolite was a revolutionary diagnostic imaging agent at the time of its launch and required significant education of the cardiolog
Adoption in the early years was dependent on informing

practitioners about the enhanced images that nuclear imaging could provide and its ability to better diagnose potential disease. Over the p
articles have been published naming Cardiolite. New imaging agents introduced and commercialized must go through a similar educatio
healthcare professionals and their patients. We intend to apply the internal experience and expertise we developed with the launch of Car
transformation of the cardiac diagnostic imaging field to the launch of Ablavar and our other clinical and preclinical candidates.

TechneLite

TechneLite is a technetium-based generator used by radiopharmacies to radiolabel Cardiolite and other Tc-99m radiopharmaceutica
procedures. The generator consists of a glass column with fission-produced Moly adsorbed on alumina powder within the column. The te
column is enclosed in a lead shield which is further sealed in a cylindrical plastic container. Cardiolite and other radiopharmaceuticals ar
technetium, a daughter product of radio-decaying Moly which has been eluted from the generator.

We produce 13 different sized generators under the name TechneLite. Most are sold to radiopharmacies that prepare and ship unit-d
radiolabeled pharmaceuticals directly to hospitals. We have multi-year supply arrangements in place with the significant radiopharmacie
Cardinal and UPPI.

In the United States, we currently compete primarily with Covidien for the sale of technetium-based generators. We believe we hav
this segment in the United States. Where TechneLite is sold outside of the United States, our other major competitors currently include C
in Australia and other regional manufacturers. Generally, competitors outside of North America face an economic disadvantage when sh
into North America for use because of high transport costs (due to weight) and the short half-life of Moly.

From 2005 to 2008, Covidien experienced manufacturing issues with the Tc-99m product, including safety and regulatory warning
shutdowns of its manufacturing facilities. As a result, we benefited from increased sales during this time. Our share returned to pre-2006
2009 shutdown of the NRU reactor in Canada, from which we receive a majority of our supply of Moly. The NRU reactor returned to se

TechneLite and Cardiolite both are dependent on Moly, the initial radioactive isotope created by nuclear reactors. Nuclear reactors
nuclear fission process, and the fission products after further processing and finishing become medical isotope-grade Moly. Moly is then
facilities, where we insert the Moly into our TechneLite generator. After TechneLite and Cardiolite are separately sent to radiopharmacie
combining it with the nuclear material technetium, thereby making it "hot." The activated radiopharmaceuticals are generally injected int
by a healthcare professional and bind to specific tissues and organs for a period of time. While certain other imaging modalities may resu
imaging illustrates the functional health of imaged organs, tissues, cells and receptors within cells.

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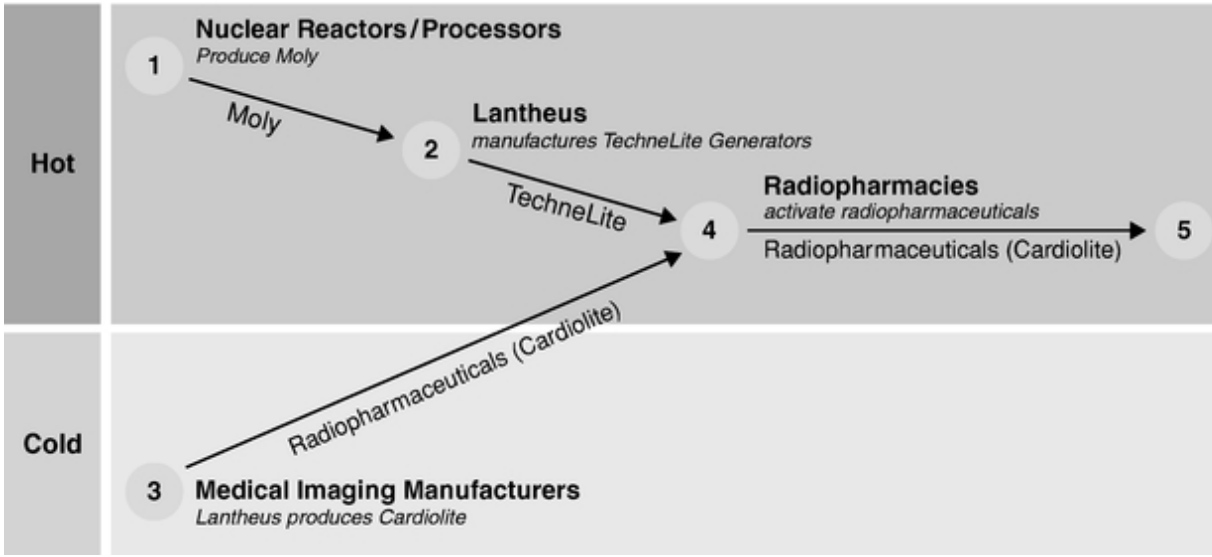
The following diagram illustrates the nuclear medicine production process:



Moly, with a half-life of about 66 hours, requires quick processing and delivery to us so that TechneLite generators can be built and utilize our just-in-time business model, via dedicated charter aircraft and ground courier services, to ensure products are delivered to radi timely manner. Moly that is produced further away from our facilities decays or "melts" in transit. For instance, approximately one-third North America decays before it reaches our facilities. We have historically received a majority of our supply of Moly from the NRU reac allowing for less decay and lower costs to us.

There are six major reactors located around the world which produce large-scale amounts of Moly: NRU located in Canada; HFR lo located in Belgium; OSIRIS located in France; SAFARI located in South Africa; and OPAL located in Australia. Moly produced at these five finishing sites: Nordion in Canada; Covidien in The Netherlands; IRE in Belgium, which also processes raw Moly for several other South Africa; and ANSTO in Australia.

Historically, our largest supplier of Moly has been Nordion which relies on the NRU reactor, owned and operated by AECL, a Crow of Canada, located in Chalk River, Ontario. From May 2009 until August 2010, this reactor was off-line due to a "heavy water" leak in th from February 2010 through September 2010, the HFR main reactor, another reactor that produces a large scale amount of Moly and the Covidien, a competitor in North America, was shut down.

We have taken several steps in response to the Moly supply challenges, including significantly expanding sourcing from South Afri global solutions. Last year, we entered into an agreement with NTP to supply us with Moly manufactured from the SAFARI reactor in S partnered with IRE to co-supply us from the Belgian Reactor 2 (BR2). While this supply allowed us to manufacture and sell reduced num during the NRU reactor shutdown, this replacement capacity was not sufficient to replace the quantity of supply that we otherwise receiv

pursuing additional sources of Moly from potential new producers around the world to further augment our current supply. In addition, w
alternative Moly projects with existing reactors and technologies as well as new technologies. The Moly produced from these projects wi
2013, or thereafter. Barring another unforeseen reactor shutdown, we currently believe that we have sufficient Moly to serve our custome

Ablavar

In April 2009, we purchased from EPIX its U.S., Canadian and Australian rights to Ablavar, an MRA agent recently approved by th disease in adult patients with known or suspected peripheral vascular disease. In June 2010, we purchased the rest of the world rights. Pe lower extremities affects 8 to 12 million people in the United States. We paid an aggregate purchase price of $32.8 million for the rights, product and active pharmaceutical ingredients inventory. We launched the product in January 2010. A portion of these rights are in-licen Pharma AG. Ablavar's market exclusivity expires in 2020.

Ablavar is a gadolinium-based contrast agent and is the first contrast agent approved for an MRA indication in the United States. Co agents, Ablavar binds to human serum albumin, resulting in prolonged blood retention which facilitates imaging of the arteries, produces and assists in the identification of blood flow restrictions. Ablavar provides high resolution MRA images without painful and invasive ar conventional x-ray angiography. Although not approved for MRA use in the United States, other similar agents have been used in an off- that are significantly higher than specified on their respective labels for other approved indications in order to achieve optimal imaging. A gadolinium to facilitate the magnetic resonance imaging, and extra- cellular gadolinium-based agents have been associated with serious s including NSF in a limited number of patients. As a result, in May 2007, the FDA requested that manufacturers of all gadolinium- contai warning and a new warning section that describes the risk of NSF. Ablavar shares the boxed warning but requires a lower dose than othe a high-resolution image. In September 2010, the FDA requested that additional safety-related label changes be implemented for all gadol highlight the risks of NSF. Of the seven gadolinium-based contrast agents currently approved for use in the U.S., three of them were requ new contraindications relating to severe kidney disease. The FDA required no substantial changes to the Ablavar prescribing information cases of NSF and, to our knowledge, EPIX had no reported cases of NSF with Ablavar's predecessor, Vasovist. Neither we nor EPIX has any litigation relating to NSF. We believe that over 90,000 doses of Ablavar and Vasovist have been sold to date. We believe that the alb allows substantially less contrast agent to be administered to a patient in comparison to other gadolinium-containing agents, along with th only gadolinium-based contrast agent approved by the FDA for an MRA indication, positions the agent favorably for growth in North Am

Other Products

Our remaining product portfolio constituted approximately 16% of our net revenues in 2009. Our other products include:

- *Neurolite*, which is a SPECT brain perfusion agent and used to assist in stroke imaging by accounting for the localization already suffered from a stroke. We launched Neurolite in 1995. In 2009, Neurolite represented 5.2% of our total revenues
- *Thallium*, which is an injectable and used in MPI studies using either planar or SPECT techniques for the diagnosis and lo Thallium does not need to be activated with Tc-99m. We were the first to commercialize Thallium-201 in 1977 and it is m cyclotrons. Thallium constituted an estimated 20% share of total U.S. MPI injections in the period from January 2010 to J historical numbers when demand for Thallium rose due to the Moly shortage. In 2009, Thallium represented 4.1% of our

- *Xenon Xe 133 Gas*, which is inhaled and used to assess pulmonary function and also for imaging blood flow, particularly
by a third party and packaged in-house. In 2009, Xenon Xe 133 Gas represented 3.9% of our total revenues;

- *Gallium*, which is an injectable and useful in demonstrating the presence of Hodgkins disease, lymphomas and bronchoge
Gallium in-house using cyclotrons. In 2009, Gallium represented 1.6% of our total revenues; and

- *Samarium*, which is an injectable and used to treat severe bone pain associated with certain kinds of cancer. We receive S
finish and package it in-house. In 2009, Samarium represented 1.5% of our total revenues.

Our Competitive Strengths

We believe that our industry position, business model, proven results, reputation for innovation and quality, strong physician relatio
arrangements provide us with a strong platform to reach our strategic goal, which is to provide cost effective, beneficial tools to physicia
competitive strengths include:

Established Leader in the Diagnostic Medical Imaging Industry

We are a world pioneer in nuclear cardiology and a leader in the diagnostic medical imaging industry. In addition to being the first
Thallium, we believe we are recognized throughout the industry for the development or commercialization of important diagnostic agent
and TechneLite. We believe we also have a proven track record of on-time delivery and a reputation as a high-quality and reliable provid
products favorably with customers, key opinion leaders and professional societies. We have established strong sales and market share fo
believe that we are well-positioned to meet the changing demands of the industry. From May 2009 until August 2010, the global Moly su
our ability to manufacture, distribute and sell TechneLite, currently our largest product by annual revenue. The ongoing Moly supply cha
reactor infrastructure and the market failure to attract sufficient replacement capacity. As a result, we have dedicated significant resource
We have entered into new supply arrangements and are taking a leadership role in working with government officials in the United State
long-term solutions to mitigate future supply constraints, including evaluating proposed new facilities and new technologies that could p
projected increased global demand. Barring another unforeseen reactor shutdown, we believe we have sufficient Moly to serve our custo

Leading R&D Expertise and Branded Intellectual Property

We have an experienced R&D team with a wide range of capabilities from discovery through clinical development, including Phase
believe that our R&D expertise, particularly utilizing radioisotopes and nuclear materials, enables us to continue our track record of inno
generation and first-in-class products. In addition, the nature of R&D in diagnostic imaging products provides an ability to typically dete
earlier in the development process than many other pharmaceutical products. The results of our R&D efforts are evidenced by our develo
products. We believe that each of these products represents large market opportunities and has the potential to significantly enhance curr
currently unmet diagnostic medical imaging needs. We own patents for DEFINITY, TechneLite and our three pipeline products, all three
developed in-house. In addition, we own global rights to Ablavar, with market exclusivity expiring in the United States in 2020. Market
products would not expire until 2026, at the earliest. In aggregate, we have an extensive and valuable portfolio of 420 issued patents and

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Complex Manufacturing Capabilities and Skilled Personnel

Our expertise in the design, development and validation of complex manufacturing systems and processes that our products require, in-time manufacturing, has enabled us to become a leader in the diagnostic medical imaging industry. Regulatory requirements for the ha stringent. We have a highly experienced workforce and the technical expertise to reliably manufacture and distribute such products.

Part of the Healthcare Solution

We believe that diagnostic medical imaging should play an important role in the ongoing transformation of the U.S. healthcare syste part of the solution to the dual challenges of improved outcomes and reduced costs. By improving the diagnosis of disease, we believe ou providers to make more informed and better therapeutic decisions for their patients. Consequently, we believe more patients will receive potentially improving outcomes, reducing patient risk and decreasing costs for payors and the entire healthcare system. We are engaged i efforts with political decision-makers and policy experts to advocate this message.

Favorable Industry Trends

The diagnostic medical imaging industry is growing rapidly as a result of favorable demographic trends. According to GIA, sales of in North America were expected to have grown at a compound annual growth rate of 10.2% from 2004 to 2009, and are projected to grow rate of 5.2% from 2009 to 2015. Several demographic trends drive an increasing demand for diagnostic medical imaging procedures, inc and the increased incidence and prevalence of obesity and cardiovascular disease. Heart disease is currently the leading cause of death fo United States, and according to Frost & Sullivan, from 2009 to 2012, the U.S. population with coronary artery disease is expected to grow rate of 5.3%. The need for early detection and effective treatment drives the demand for diagnostic services, which we believe will drive

Strong Financial Profile

Historically, we have generated strong free cash flow, which is driven primarily by our significant operating margins, minimal main requirements and favorable working capital dynamics. This has allowed us to repay a significant portion of our debt obligations prior to t with the available liquidity to pursue key business development initiatives. On May 10, 2010, we issued the Restricted Notes, and with th the loan that was used to finance the Acquisition. Since the Acquisition, we funded our business, including an expansive clinical develop $296.5 million acquisition loan, redeemed approximately $160 million of Preferred Stock and paid for the $32.8 million acquisition of A approximately equal amounts of cash from operations and external debt. The strength of our product portfolio, as evidenced by our leadi modalities in which we participate, has contributed to our strong historical financial performance. In addition to our principal branded pr of Ablavar to enable us to capitalize on the growing trends within the diagnostic medical imaging industry. We have historically and will arrangements with leading distributors of radiopharmaceuticals to maintain or increase sales of our radiopharmaceutical products providi availability for deleveraging or funding of other future growth initiatives.

Stable, Experienced Management Team

Our senior management team has an average of almost 25 years of healthcare industry experience and consists of industry leaders w development and

commercialization. Our management team is led by Don Kiepert, Chief Executive Officer and President, who has more than 35 years of
Larry Pickering, Chairman and Avista healthcare industry partner, who spent 32 years at Johnson & Johnson in senior leadership positio
executives have been with us and our predecessors for more than 20 years. We believe that the strength of our management team demons
diagnostic medical imaging industry and our ability to operate in a highly regulated environment.

Research and Development; Product Pipeline

For the years ended December 31, 2007, 2008 and 2009, we invested $50.0 million, $34.7 million and $44.6 million, respectively, i
provide our R&D organization with the resources to continue discovering and developing new diagnostic medical imaging agents. We m
discovery through clinical development, including Phase IV post-marketing studies. Our disciplined approach has created a strong produ
were discovered and developed in-house and are protected by patents we own in the United States and numerous foreign jurisdictions. W
products represents large market opportunities and has the potential to significantly enhance current imaging methods or to fulfill current
imaging needs:

- a PET myocardial perfusion agent, flurpiridaz F18 (formerly known as BMS747158-2), which recently completed Phase I
believe has the potential to become a leading next-generation myocardial perfusion agent;

- a PET agent, ^{18}F LMI1195, which recently completed Phase I clinical trials to identify patients that would benefit from im
cardioverter defibrillator ("ICD") in order to decrease risk of sudden cardiac death ("SCD"); and

- a vascular remodeling imaging agent, BMS 753951, currently in lead optimization preclinical development for identifying
cardiovascular system.

Flurpiridaz F18—PPA—Myocardial Perfusion

We are currently developing an internally discovered compound that has the potential to become a leading next-generation myocard
PET technology. The application of PET in MPI represents a broad, emerging application for a technology typically associated with onc
believe there is great potential for PPA as we believe PET adoption will increase significantly in the future. PPA is a fluorine 18-labeled
mitochondrial complex 1 (MC-1). PET is an important advance because it may potentially be the most accurate method of diagnosing co
scans show the structure of the heart, but PET can detect and measure changes in the metabolic processes of the tissues in or around the h
or SPECT, PET imaging allows quantification of the flow of blood through the heart.

We have recently completed our Phase II program and our preliminary analysis of Phase II results suggests favorable safety and eff
Phase II meeting with the FDA in December 2010 and expect to commence the trial in 2011. Market exclusivity for this product currentl

^{18}F LMI1195—Cardiac Neuronal Imaging Agent

We are currently developing an imaging compound which evaluates the status of the sympathetic nervous system in the heart. The s
involved in the progression of underlying heart disease and in the development of serious cardiac arrhythmias. We are investigating the p

able to more accurately identify patients who are at high risk of adverse outcomes and may therefore benefit from devices such as implan

Implants of ICDs in heart failure patients have been shown to provide both clinical and financial benefits. Several studies have dem heart failure patients decrease the risk of SCD, which claims as many as 450,000 lives every year in the United States. Myocardial infarc times higher risk of SCD, while chronic heart failure patients have a six to nine times higher risk of SCD. The cost of an ICD procedure, procedure, is expensive and approximately 14 implants are needed to save one life over a five-year period. As a result, patients and the h dually benefit from the ability to more accurately identify patients who actually need an ICD placement.

BMS 753951—Vascular Remodeling

We are currently developing an agent to identify patients at risk of SCD due to plaque rupture. This method is non-invasive and ima compared to the current method of coronary Computed Tomography Angiography that images the lumen or open space within the artery Association, 309,000 deaths per year occur outside the hospital due to coronary artery disease, and a majority of the deaths occur in peop artery disease because of the limitations of current diagnostic techniques.

Possible Partnering

Given the cost and complexity associated with conducting later stage clinical trials, we are currently considering seeking one or mo commercialization partners to assist us with our PET perfusion agent. We may also consider outlicensing other pipeline products in the f that we can negotiate with one or more prospective partners, the development of our pipeline candidates could be delayed by the timing o transactions as well as factors specific to the partners involved. To the extent that we enter into a development and commercialization arr clinical candidates and are successful obtaining regulatory and reimbursement approval for such candidate or candidates, we will likely h benefits that those products generate with our partner or partners.

Distribution; Marketing and Sales

We distribute our products in the United States and internationally through radiopharmacies, distributor relationships and our direct the majority of radiopharmacies are controlled by or associated with three entities.

- Cardinal constitutes approximately one half of the aggregate U.S. radiopharmaceutical doses sold in 2009 and its 155 radi large, densely populated urban areas.

- UPPI is a cooperative purchasing group of 138 independently-owned or smaller chains of U.S. radiopharmacies. These in unofficial independents represent between 35 and 40% of the aggregate U.S. radiopharmaceutical doses sold in 2009 (afte transaction described below). UPPI's pharmacies tend to be located in suburban and rural areas of the country. In June 201 individual member of UPPI with 26 radiopharmacies then in its specific group, completed the purchase of 37 additional U Covidien. Prior to the Triad acquisition, the Covidien pharmacies had approximately 10% of aggregate U.S. radiopharmac located in metropolitan areas through which they distributed Covidien's own generic sestamibi as well as GE Healthcare's acquisition may create an opportunity to penetrate an incremental distribution channel.

- GE Healthcare had approximately 10% of aggregate U.S. radiopharmacy doses and 31 radiopharmacies that purchase our distribute Myoview.

Cardiolite, and similar products, can also be sold directly to hospitals and clinics. This is a small portion of our overall sales (approx hospitals and clinics do not maintain the in-house radiopharmaceutical capabilities and operations that are necessary to activate Cardiolit

We have a strong distribution network and have long-term relationships with Cardinal and UPPI, who together account for approxir doses sold by radiopharmacies in the United States as of December 31, 2009. Cardinal and UPPI distribute Cardiolite and TechneLite an with GE Healthcare for the distribution of TechneLite. Internationally, we utilize distributor relationships in Europe, Asia and Latin Ame recently announced a new distribution arrangement in India, a market which we believe has strong growth potential. Our distribution arra radiopharmacy customers are pursuant to multi-year contracts.

We currently have two agreements with Cardinal for the distribution of Cardiolite (the "Cardinal Cardiolite Agreement") and Techn TechneLite Agreement"). Both agreements contain minimum purchase requirements and expire on December 31, 2012. The agreements for early termination by either party. Specifically, the Cardinal Cardiolite Agreement allows for termination upon the occurrence of speci breach of a material provision of the agreement by either party, Cardinal terminating its business operations in the nuclear medicine indu required reports, Cardinal's failure to follow trademark usage guidelines and force majeure events. The Cardinal TechneLite Agreement a occurrence of specified events, including a material breach of a provision of the agreement by either party, force majeure events and cert assignment of the agreement by either party.

We currently have one agreement with UPPI for the distribution of Cardiolite and TechneLite, which expires on December 31, 2010 pricing levels based upon specified purchase amounts for UPPI and allows us to terminate the agreement, among other circumstances, up and if membership in UPPI falls below a minimum. We are currently renegotiating our agreement with UPPI.

We currently have one agreement with GE for the distribution of TechneLite and other products, which expires on December 31, 20 successive three-year periods unless either party terminates with three years written notice by us or six months written notice by GE. The purchase TechneLite generators as well as certain other products in the United States or Canada from us. The agreement allows for termi years' notice for TechneLite and six months notice for other products. It also allows for termination upon the occurrence of specified eve either party, bankruptcy by the either party and force majeure events.

In Canada, we own five radiopharmacies and have our own sales force, which allows us to control the marketing, distribution and sa rely on large radiopharmacy intermediaries to distribute these products. Similarly, in both Australia and Puerto Rico, we own two radiop sales force, allowing us to control the marketing, distribution and sale of our nuclear products. However, in the rest of the world, we have sales force, and therefore rely on distributors to market, distribute and sell our products, either on a country-by-country basis or on a mul

Marketing and sales efforts by diagnostic medical imaging companies are continually undergoing adjustments to comply with the in environment. Increasingly, decision making is shifting to healthcare executives who evaluate treatment approaches from the perspective attempting to minimize treatment errors and achieve greater predictability of patient outcomes and cost. This shift from the traditional ap emphasis on a physician's preferences, demands a comprehensive understanding of how our products delivers value to the healthcare sys our sales and marketing organization to ensure

that we are able to effectively communicate the full value of our products to a more diverse and business oriented set of medical professi

Customers

For the year ended December 31, 2009, our largest customers were Cardinal, UPPI and GE Healthcare, accounting for approximatel of our global net sales.

Competition

We compete primarily on the ability of our products to capture market share and generate free cash flow through their proven effica our efficient manufacturing processes, distribution network, customer service and field sales organization. We believe that these product competencies distinguish us from our competitors.

The market for diagnostic medical imaging agents is highly competitive and continually evolving. Our principal competitors in exis large, global companies with substantial financial, manufacturing, sales and marketing, and logistics resources and that are more diversif Healthcare, Bayer Schering Pharma AG and Bracco, as well as other competitors. We cannot anticipate their competitive actions, such as are comparable to our own, development of new products that are more cost-effective or have superior performance than our current pro generic versions when our proprietary products lose their patent protection. Our current or future products could be rendered obsolete or competition.

Generic competition has eroded our share for Cardiolite and may continue to do so. We are currently aware of four separate generic generic name. To the extent these generic competitors further reduce their prices, we may be forced to further reduce the price of Cardiol

Raw Materials and Supply Relationships

As discussed above, there are six major reactors located around the world which produce large scale amounts of Moly, the critical a our TechneLite generators. Historically, our largest supplier of Moly has been Nordion which has relied on the NRU reactor in Chalk Riv line from May 2009 until August 2010 due to a "heavy water" leak in the reactor vessel. We have taken several steps in response to the g expanding sourcing from South Africa and Belgium, and pursuing additional global solutions. In 2009, we entered into an agreement wit from the SAFARI reactor in South Africa. NTP, in turn, has partnered with IRE to co-supply us from the Belgian BR2 reactor. We are al Moly from potential new producers around the world to further augment our current supply. In addition, we are exploring a number of al existing reactors and technologies as well as new technologies.

With the general instability in the global supply of Moly and recent supply shortages, we have faced substantial increases in the cos historical costs. We attempt to pass these Moly cost increases on to our customers in our customer contracts. Additionally, the instability resulted in Moly producers requiring, in exchange for fixed Moly prices, supply minimums in the form of take-or-pay obligations. The M incremental negative effect on the use of other technetium generator-based diagnostic imaging agents, including Cardiolite. With less Mo generators for radiopharmacies and hospitals to make up unit doses of Cardiolite, resulting in decreased share of Cardiolite in favor of Th that does not require Moly, and other diagnostic modalities. However, with the return to service of the NRU reactor, we believe that Card

benefit. In addition, since the NRU reactor restart, Thallium demand has decreased but

not yet to pre-shortage levels, and TechneLite demand has increased, but also not to its pre-shortage levels. We believe that eventually th
TechneLite will return to pre-shortage levels. See "Risk Factors—Our dependence upon third parties for the manufacture and supply of a
could prevent us from delivering our products to our customers in the required quantities, within the required timeframe, or at all, which
and decreased revenues."

We currently have agreements with Nordion (the "Nordion Agreement") and NTP (the "NTP Agreement") for the supply of Moly. T
July 31, 2011 and contains minimum purchase requirements. It allows for termination upon the occurrence of certain events, including fa
obligations by either party, failure by us to purchase the minimum amount of Moly per week, bankruptcy by the either party and force m
expires on December 31, 2013 and contains minimum purchase requirements. It allows for termination upon the occurrence of certain ev
provide our required amount of Moly, material breach of any provision by either party, bankruptcy by the either party and force majeure
ability to terminate the NTP Agreement with six months written notice prior to the expiration of the term of the agreement.

We have additional supply arrangements for active pharmaceutical ingredients, excipients, packaging materials and other materials
exclusive (but a number of which are sole source) and all of which we believe are in good standing.

For the year ended December 31, 2009, our largest suppliers were Nordion and NTP, accounting for 14% and 12% of our total purc

Manufacturing

We maintain third party manufacturing relationships. In order to ensure the quality of the products that are manufactured by third pa
our facilities in North Billerica, Massachusetts and tested by us prior to use. Furthermore, the final product is sent back to us for final qua
shipment. We have expertise in the design, development and validation of complex manufacturing systems and processes, and our strong
culture supports our just-in-time manufacturing model.

We obtain a substantial portion of our products from third party suppliers. We rely on sole source manufacturing for DEFINITY at
We also rely on BVL for a majority of our Cardiolite supply and certain TechneLite accessories. In addition, for reasons of quality assura
purchase certain components and raw materials from sole suppliers. At our North Billerica, Massachusetts facility, we manufacture Tech
automated production line as well as Thallium and Gallium using our older cyclotron technology. We have had a long standing relationsh
manufacturer BVL. We executed an agreement with BVL on August 1, 2008 for the manufacturing of DEFINITY, Cardiolite and Neuro
with automatic renewals for successive five-year terms unless either party terminates with 24 months notice. The agreement requires us t
supply to us minimum percentages of our requirements for DEFINITY, Cardiolite and Neurolite. The agreement can be terminated by ei
24 months notice. It also allows for termination upon the occurrence of certain events such as a material breach or default by either party
force majeure events. BVL is the sole source for manufacturing DEFINITY and provides a majority of our Cardiolite supply and certain

In July 2010, BVL temporarily shut down the facility where they manufacture DEFINITY, Cardiolite and other products in order to
EMEA requirements. BVL has planned for the shutdown to run through March 2011. In anticipation, BVL manufactured additional inve
expected needs during this period. We do not believe the planned BVL shutdown will have any material impact on our financial statemer

expect to be able to acquire the inventory in sufficient quantities to meet our expected demand. In addition, we do not anticipate any obso inventory as the shelf life of this inventory ranges from 15 to 24 months and, in light of the sales trend, the product will be utilized prior t assurance that BVL's facility will return to service in March 2011 or that the inventory supplied will be sufficient to meet demand for our period.

For Ablavar, if we do not ultimately meet our sales expectations for that product or we cannot sell the quantity of that product we ar Covidien prior to product expiration, we would incur inventory losses and/or losses on our purchase commitments. We currently have an manufacture and supply Ablavar, which expires on September 30, 2012. The agreement requires us to purchase from Covidien a minimu agreement can be terminated by mutual written agreement at any time. It also allows for termination upon the occurrence of certain event default by either party, or bankruptcy by either party.

We have initiated technology transfer activities to establish and secure a second source of supply for DEFINITY and Ablavar. See " upon third parties for the manufacture and supply of a substantial portion of our products could prevent us from delivering our products t quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues."

Intellectual Property

Patents, trademarks and other intellectual property rights are very important to our business. We also rely upon trade secrets, manuf innovations and licensing agreements to maintain and improve our competitive position. We review third party proprietary rights, includ as available, in an effort to develop an effective intellectual property strategy, avoid infringement of third party proprietary rights, identif monitor the intellectual property owned by others. Our ability to enforce and protect our intellectual property rights may be limited in cer States, which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar t us. Competitors also may harm our sales by designing products that mirror the capabilities of our products or technology without infringi If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property ri impaired, which would limit our growth and future revenue.

Trademarks, Service Marks and Trade Names

We own various trademarks, service marks and trade names, including DEFINITY, Cardiolite, TechneLite, Ablavar, Neurolite and have registered these six trademarks, as well as others, in the United States and numerous foreign jurisdictions.

Patents

We actively seek to protect the proprietary technology that we consider important to our business, including chemical species, comp methods of use and processes for their manufacture, as new intellectual property is developed. In addition to seeking patent protection in applications in numerous foreign countries in order to further protect the inventions that we consider important to the development of our upon trade secrets and contracts to protect our proprietary information. As of September 30, 2010, our patent portfolio included a total of patents, 338 issued foreign patents, 23 pending patent applications in the United States and 90 pending foreign applications with claims c and methods of use for all of our preclinical and clinical-stage candidates.

Our patents cover most of our commercial products, and our patent protection is generally in the United States, Canada, Mexico, mo Scandinavia (including Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Italy, Luxembourg, Netherlands, Norway, and markets in Asia (including China, Hong Kong, Japan, Singapore and South Korea) and Latin America (including Argentina and Braz number of different composition of matter, use, formulation and manufacturing patents which currently expire as late as 2016 as well as until 2019. For Ablavar, we hold a number of different composition of matter, use, formulation and manufacturing patents which expire are granted our U.S. request for regulatory extension, in the United States until 2020. Cardiolite is no longer covered by patent protection rest of the world, and Neurolite has limited patent protection in the United States until 2012. TechneLite has limited patent protection on outside of the United States which expires in 2011, and we are pursuing additional patent protection in the United States and other countr which, if granted, will expire in 2029. Thallium, Gallium and Xenon are all generic radiopharmaceuticals. For our pipeline products, we applications covering composition, use, formulation and manufacturing of flurpiridaz F-18 with a composition patent in the United States any regulatory extension. We also have worldwide patent applications covering composition, use, and synthesis of our CNA candidate, s expire in 2027 and some in 2031 in the absence of any patent term adjustment or regulatory extensions. Additionally, we have worldwide composition, use and synthesis of our vascular remodeling compound, which if granted, will expire in 2029 in the absence of any patent extensions.

In addition to patents, we rely where necessary upon unpatented trade secrets and know-how, proprietary information, and continuin develop and maintain our competitive position. We seek to protect our proprietary information, in part, using confidentiality agreements consultants and other third parties and invention assignment agreements with our employees. These confidentiality agreements may not p trade secrets and other proprietary information, and we cannot assure you that an employee or an outside party will not make an unautho other technical know-how or proprietary information. We may not have adequate remedies for any unauthorized disclosure. This might h inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, might take against persons making such unauthorized disclosures. In addition, our trade secrets may otherwise become known or be inde competitors. To the extent that our collaborators, employees and consultants use intellectual property owned by others in their work for u rights in related or resulting know-how and inventions.

In addition, we license a limited number of third party technologies and other intellectual property rights that are incorporated into s discovery and development efforts. These licenses are not material to our business, and the technologies can be obtained from multiple s separate royalty-free, non-exclusive, cross-licenses with each of Bracco, GE Healthcare and Imcor Pharmaceutical Company which give connection with contrast-enhanced ultrasound imaging technology. We also in-license certain freedom to operate rights for Ablavar from Pharma AG.

Regulatory Matters

Food and Drug Laws

The development, manufacture, sale and distribution of our products are subject to comprehensive governmental regulation both wi A number of factors substantially increase the time, difficulty and costs incurred in obtaining and maintaining the approval to market nev products. These factors include governmental regulation, such as detailed inspection of and controls over research and laboratory proced manufacturing, narcotic licensing, marketing, sampling, distribution, import and export, record keeping and storage and disposal practice marketing requirements. Governmental regulatory actions can result in the seizure or recall of products, suspension or revocation of the a production and sale as well as other civil or criminal sanctions.

Our activities in the development, manufacture, packaging or repackaging of our pharmaceutical and medical device products subje regulations. We are required to register for permits and/or licenses with, seek approvals from and comply with operating and security sta DEA, the HHS, Health Canada, the EMEA and various state and provincial boards of pharmacy, state and provincial controlled substanc health departments and/or comparable state and provincial agencies as well as foreign agencies, and certain accrediting bodies depending location of product distribution, manufacturing and sale.

The FDA and various state regulatory authorities regulate the research, testing, manufacture, safety, labeling, storage, recordkeepin and promotion, import and export and sales and distribution of pharmaceutical products in the United States. Prior to marketing a pharma receive FDA approval. Specifically, in the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act ("FD Service Act, and implementing regulations. The process of obtaining regulatory approvals and compliance with appropriate federal, state regulations require the expenditure of substantial time and financial resources. The process required by the FDA before a drug product m generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies according to Good Laboratory Practices
- submission to the FDA of an Investigational New Drug Application ("IND"), which must become effective before human
- performance of adequate and well-controlled human clinical studies according to Good Clinical Practices and other requir efficacy of the proposed drug product for its intended use;
- submission to the FDA of an NDA for a new drug;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug product is produ cGMP; and

- FDA review and approval of the NDA.

The testing and approval process requires substantial time, effort, and financial resources, and we cannot be certain that any approva
be granted on a timely basis, if at all. Once a pharmaceutical product candidate is identified for development, it enters the preclinical test
laboratory evaluations of product chemistry, toxicity, formulation, and stability, as well as animal studies to assess its potential safety an
in the submission of the IND to the FDA. Once the IND becomes effective, the clinical trial program may begin. Human clinical studies
sequential phases that may overlap or be combined:

- *Phase 1.* The product is initially introduced into healthy human subjects and tested for safety, dosage tolerance, absorptio
excretion. In the case of some products for severe or life-threatening diseases, especially when the product may be too inh
to healthy volunteers, the initial human testing is often conducted in patients.

- *Phase 2.* Involves studies in a limited patient population to identify possible adverse effects and safety risks, to prelimina
product for specific targeted diseases and to determine dosage tolerance and optimal dosage and schedule.

- *Phase 3.* Clinical studies are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient po
dispersed clinical study sites. These studies are intended to collect sufficient safety and effectiveness data to support the N

Progress reports detailing the results of the clinical studies must be submitted at least annually to the FDA and safety reports must b
investigators for serious and unexpected adverse events. Submissions must also be made to inform the FDA of certain changes to the cli
requires the sponsor to register the trials on public databases when they are initiated, and to disclose the results of the trials on public dat
Phase 2 and Phase 3 testing may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspen
any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. S
board ("IRB"), can suspend or terminate approval of a clinical study at its institution if the clinical study is not being conducted in accord
or if the drug product has been associated with unexpected serious harm to patients.

Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional informatio
characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP re
process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer mu
identity, strength, quality, and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability st
demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

The results of product development, preclinical studies, and clinical studies, along with descriptions of the manufacturing process, a
drug product, proposed labeling, and other relevant information, are submitted to the FDA as part of an NDA for a new drug, requesting
The submission of an NDA is subject to the payment of a substantial user fee; a waiver of such fee may be obtained under certain limited
process is lengthy and difficult and the FDA may refuse to approve an NDA if the applicable

regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and informatio ultimately decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical studies are not always conclusive, a differently than we interpret the same data.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indicatio limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings product labeling. In addition, the FDA may require Phase 4 testing which involves clinical studies designed to further assess a drug prod NDA approval and may require testing and surveillance programs or other risk management measures to monitor the safety of approved commercialized.

Any drug products for which we receive FDA approvals are subject to continuing regulation by the FDA, including, among other th reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling an complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements labeling, advertising, promotion, and other types of information on products that are placed on the market. Drugs may be promoted only accordance with the provisions of the approved label and promotional claims must be appropriately balanced with important safety infor substantiated. Further, manufacturers of drugs must continue to comply with cGMP requirements, which are extensive and require consi ongoing investment to ensure compliance. In addition, changes to the manufacturing process generally require prior FDA approval befor types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA

Drug product manufacturers and other entities involved in the manufacturing and distribution of approved drugs products are requir with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain other agencies for laws. The cGMP requirements apply to all stages of the manufacturing process, including the production, processing, sterilization, packa shipment of the drug product. Manufacturers must establish validated systems to ensure that products meet specifications and regulatory batch or lot prior to its release.

The FDA also regulates the preclinical and clinical testing, design, manufacture, safety, efficacy, labeling, storage, record keeping, adverse event reporting, import/export and advertising and promotion of any medical devices that we distribute pursuant to the FDCA an The Federal Trade Commission shares jurisdiction with the FDA over the promotion and advertising of certain medical devices. The FD the sale, distribution or use of devices at the time of their clearance or approval, or subsequent to marketing. Currently, two medical devi manufactured by third parties who hold the product clearances, comprise only a small portion of our total revenue.

The FDA may withdraw a pharmaceutical or medical device product approval if compliance with regulatory standards is not mainta product reaches the market. Later discovery of previously unknown problems with a product may result in restrictions on the product or product from the market. Further, the failure to maintain compliance with regulatory requirements may result in administrative or judicia letters, holds on clinical studies, product recalls or seizures, product detention or refusal to permit the

import or export of products, refusal to approve pending applications or supplements, restrictions on marketing or manufacturing, injunc

Because our operations include nuclear pharmacies and related businesses, such as cyclotron facilities used to produce PET product imaging, we are subject to regulation by the NRC or the departments of health of each state in which we operate and the applicable state the FDA is also involved in the regulation of cyclotron facilities where PET products are produced.

Drug laws also are in effect in many of the non-U.S. markets in which we conduct business. These laws range from comprehensive requests for product data or certifications. In addition, inspection of and controls over manufacturing, as well as monitoring of adverse ev these regulatory systems. Most of our business is subject to varying degrees of governmental regulation in the countries in which we ope increasingly stringent regulation. The exercise of broad regulatory powers by the FDA continues to result in increases in the amount of te for approval or clearance of new drugs and devices, all of which add to the expense of product introduction. Similar trends also are evide including Canada, the European Union, Australia and Japan.

To assess and facilitate compliance with applicable FDA, NRC and other state, federal and foreign regulatory requirements, we regu assess their effectiveness and identify areas for improvement. As part of our quality review, we perform assessments of our suppliers of t incorporated into products and conduct quality management reviews designed to inform management of key issues that may affect the qu time, we may determine that products we manufactured or marketed do not meet our specifications, published standards, such as those is Organization, or regulatory requirements. When a quality or regulatory issue is identified, we investigate the issue and take appropriate c withdrawal of the product from the market, correction of the product at the customer location, notice to the customer of revised labeling a

Healthcare Reform Act

In March 2010, the President signed one of the most significant healthcare reform measures in decades. The Healthcare Reform Act healthcare will be financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. The compr overhaul is expected to extend coverage to approximately 32 million previously uninsured Americans.

A significant portion of our patient volume is derived from U.S. government healthcare programs, principally Medicare, which are l frequent and substantial changes. We anticipate the Healthcare Reform Act will significantly affect how the healthcare industry operates and the insurance industry. The Healthcare Reform Act contains a number of provisions, including those governing enrollment in federal reimbursement changes and fraud and abuse, which will impact existing government healthcare programs and will result in the developm Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program.

Under the Healthcare Reform Act, referring physicians under the federal self-referral law must inform patients that they may obtain from a provider other than that physician, his or her group practice, or another physician in his or her group practice. The referring physi a written list of other suppliers who furnish such services in

the area in which the patient resides. This new information provision could have the effect of shifting where certain diagnostic medical i

For 2010, CMS reduced the per procedure medical imaging reimbursement in the physician office and free-standing imaging facilit equipment utilization rate assumptions from 50% to 90% for diagnostic services using imaging equipment that cost in excess of $1 milli other therapeutic equipment. CMS transitioned this change over four years, such that for 2010, 75% of the practice expense calculation i rate, and 25% is based on the newly implemented 90% utilization rate. The Healthcare Reform Act superseded CMS's 90% utilization ra January 1, 2011, to a presumed utilization rate of 75%.

The Healthcare Reform Act also establishes an Independent Payment Advisory Board ("IPAB") to reduce the per capita rate of grov Beginning in 2014, IPAB is mandated to propose changes in Medicare payments if it is determined that the rate of growth of Medicare e rates. The IPAB has broad discretion to propose policies to reduce expenditures, which may have a negative impact on payment rates for services. A proposal made by the IPAB is required to be implemented by CMS unless Congress adopts a proposal with savings greater th IPAB proposals may impact payments for physician and free-standing services beginning in 2015 and for hospital services beginning in

Additionally, the Healthcare Reform Act:

- mandates a further shift in the burden of Medicaid payments to the states;
- increases the level of Medicaid rebates payable by manufacturers of brand-name drugs from 15.1% to 23.1%;
- requires collection of rebates for drugs paid by Medicaid managed care organizations; and
- imposes a non-deductible excise tax on pharmaceutical manufacturers or importers who sell "branded prescription drugs."

Healthcare Fraud and Abuse Laws

We are subject to various federal, state and local laws targeting fraud and abuse in the healthcare industry, including anti-kickback a Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a f Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value, including, for exampl free supplies, equipment or services, credit arrangements, payments of cash and waivers of payment. The recently enacted Healthcare Re amends the intent requirement of the Federal Anti-Kickback Statute and criminal healthcare fraud statutes. A person or entity no longer n this statute or specific intent to violate it. In addition, the Healthcare Reform Act provides that the government may assert that a claim in from a violation of the Federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes.

The Federal Anti-Kickback Statute is broad and prohibits many arrangements and practices that are lawful in businesses outside of t Recognizing that the Federal Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements, C Inspector General ("OIG") to issue a series of regulations, known as "safe harbors." These safe harbors set forth requirements that, if met healthcare

providers and other parties that they will not be prosecuted under the Federal Anti-Kickback Statute. The failure of a transaction or arran
or more safe harbors does not necessarily mean that it is illegal, or that prosecution will be pursued. However, conduct and business arra
each applicable safe harbor may result in increased scrutiny by government enforcement authorities, such as the OIG. Many states have a
Anti-Kickback Statute. Some of these state prohibitions apply to referral of patients for healthcare items or services reimbursed by any p
Medicaid programs, and do not contain identical safe harbors. Government officials have focused their enforcement efforts on marketing
products, among other activities, and have brought cases against numerous pharmaceutical and medical device companies, and certain sa
allegedly offering unlawful inducements to potential or existing customers in an attempt to procure their business.

Another development affecting the healthcare industry is the increased use of the federal civil False Claims Act and, in particular, a
Claims Act's "whistleblower" or "qui tam" provisions. The False Claims Act imposes liability on any person or entity who, among other
causes to be presented, a false or fraudulent claim for payment by a federal healthcare program. The qui tam provisions of the False Clai
bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and t
In recent years, the number of suits brought by private individuals has increased dramatically. In addition, various states have enacted fal
False Claims Act. Many of these state laws apply where a claim is submitted to any third party payor and not merely a federal healthcare
determined to have violated the False Claims Act, it may be required to pay up to three times the actual damages sustained by the govern
to $11,000 for each separate false claim. There are many potential bases for liability under the False Claims Act. Liability arises, primari
submits, or causes another to submit, a false claim for reimbursement to the federal government. The False Claims Act has been used to
inadequate care, kickbacks and other improper referrals, improper use of Medicare numbers when detailing the provider of services, imp
(i.e., uses not expressly approved by FDA in a drug's label), and allegations as to misrepresentations with respect to the services rendered
the reporting of discount and rebate information and other information affecting federal, state and third party reimbursement of our produ
our products, may be subject to scrutiny under these laws. We are unable to predict whether we would be subject to actions under the Fal
law, or the impact of such actions. However, the costs of defending such claims, as well as any sanctions imposed, could adversely affec

State requirements, such as the Massachusetts Pharmaceutical and Medical Device Manufacturer Conduct regulations, impose addit
fraud and abuse compliance. Specifically, we are required to comply with a state code of conduct, disclose marketing payments made to
compliance information to the state authorities. In addition, the Healthcare Reform Act also imposes new reporting and disclosure requir
manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers, effective March 30, 2013. Su
publicly available in a searchable format beginning September 30, 2013. In addition, device and drug manufacturers will also be required
investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit requir
monetary penalties of up to $150,000 per year (and up to $1 million per year for "knowing failures"), for all payments, transfers of value
interests not reported in an annual submission. Finally, under the Healthcare Reform Act, effective April 1, 2012, pharmaceutical manufa
provide the HHS with an annual report on the drug samples they provide to

physicians. Violations of these federal and state frauds and abuse-related laws are punishable by criminal or civil sanctions, including sul exclusion from participation in healthcare programs such as Medicare and Medicaid. Violation of international fraud and abuse laws cou including exclusion from participation in health programs outside the United States.

Other Healthcare Laws

We may be subject to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and its implementing regulations standards for certain "covered entities" (healthcare providers, health plans and healthcare clearinghouses) governing the conduct of certa and protecting the security and privacy of protected health information. The American Recovery and Reinvestment Act of 2009, commo stimulus package, included sweeping expansion of HIPAA's privacy and security standards. The legislation included the Health Informat Clinical Health Act ("HITECH"), which became effective on February 17, 2010. Among other things, the new law makes HIPAA's priva applicable to "business associates", independent contractors of covered entities that receive or obtain protected health information in con their behalf. HITECH also increased the civil and criminal penalties that may be imposed and gave state attorneys general new authority injunctions in federal courts to enforce the federal HIPAA laws and seek attorney fees and costs associated with pursuing federal civil ac are neither a "covered entity" nor a "business associate" under the new legislation, we cannot assure you that regulatory authorities woul

Laws Relating to Foreign Trade

We are also subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws in non-U.S. jurisdictions whi and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Becaus government-sponsored healthcare systems around the world, most of our customer relationships outside of the United States are with gov therefore subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. Our operations reach many pa experienced governmental corruption to some degree, and in certain circumstances strict compliance with anti-bribery laws may conflict Despite our training and compliance programs, our internal control policies and procedures may not always protect us from reckless or c employees or agents.

Health and Safety Laws

We are also subject to various federal, state and local laws, regulations and recommendations, both in the United States and abroad, conditions, laboratory and manufacturing practices and the use, transportation and disposal of hazardous or potentially hazardous substan

Environmental Matters

We are subject to various federal, state and local environmental protection and health and safety laws and regulations both within ar operations, like those of other medical product companies, involve the transport, use, handling, storage, and disposal of, and limiting exp regulated under environmental laws, including various radioactive materials and wastes. We cannot assure you that we have been or will environmental and health and safety laws at all times. If we violate these laws and regulations, we

could be fined, criminally charged or otherwise sanctioned by regulators. We believe that our operations currently comply in all material environmental laws and regulations.

Certain environmental laws and regulations assess liability on current or previous owners or operators of real property for the cost o remediation of hazardous materials or wastes at such formerly owned or operated properties or at properties at which they have disposed In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the hazardous materials or wastes.

We are required to maintain a number of environmental and nuclear permits for our North Billerica facility, which is our primary m distribution facility. In particular, we must maintain a nuclear materials license issued by the Commonwealth of Massachusetts. This lice financial assurance demonstrating our ability to cover the cost of decommissioning and decontaminating ("D&D") the Billerica site at th We currently estimate the D&D cost at the Billerica site to be approximately $28 million. We currently provide this financial assurance i generally contract with third parties for the disposal of wastes generated by our operations, and, prior to disposal, store any low level rad the materials are no longer considered radioactive.

Environmental laws and regulations are complex, change frequently and have become more stringent over time. While we have bud operating expenditures to maintain compliance with these laws and regulations, we cannot assure you that our costs of complying with cu protection, health and safety laws and regulations will not exceed our estimates or adversely affect our results of operations and financial assure you that we will not be subject to additional environmental claims for personal injury or cleanup in the future based on our past, p While it is not feasible to predict the outcome of all pending environmental matters, it is reasonably probable that there will be a need for environmental costs that, in management's opinion, are not likely to have a material effect on our financial condition, but could be materi any one accounting period.

Ratings

As of September 30, 2010, the ratings of the notes with Standard & Poor's Ratings Services and Moody's Investors Service were B+ classifications), positive outlook, and B2 (15th highest of 21 classifications), stable outlook, respectively.

Legal Proceedings

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

In December 2010, we filed suit against one of our insurance carriers seeking to recover business interruption losses associated with ensuing global Moly supply challenge. The claim is the result of the shut-down of the NRU reactor in Chalk River, Ontario. The NRU re until August 2010 due to a "heavy water" leak in the reactor vessel. Historically, our largest supplier of Moly has been Nordion which ha

reactor. The business interruption claim is based on an estimate of losses of, in the aggregate, up to $70 million, including increases in th
of Moly from alternate, more distant, suppliers, and substantial decreases in sales revenue as a result of significantly curtailed manufactu
our decreased ability to sell other Moly-based medical imaging products, including Cardiolite, in comparison to our forecasted results. W
if any, or when, if ever, we will be able to recover business interruption losses related to this matter.

Except as noted above, as of December 23, 2010, we had no material ongoing litigation, regulatory or other proceeding and had no
governmental or regulatory authorities in which we are a target that could have a material adverse effect on our current business.

Employees

As of September 30, 2010, we had approximately 670 employees, of which 538 were located in the United States and 132 were loca
additional approximately 83 contractors. None of our employees are represented by a collective bargaining unit, and we believe that our
excellent.

Properties

Our executive offices and primary manufacturing facilities are located at our North Billerica, Massachusetts facility, which we own
leased an additional 7 facilities in Canada, 2 in Australia and 2 in Puerto Rico. Our owned facilities consist of approximately 578,000 sq
laboratory, mixed use and office space, and our leased facilities consist of approximately 67,436 square feet. We believe all of these facil
suitable for the office, radiopharmacy, manufacturing or warehouse operations conducted in them.

The following table summarizes information regarding our significant leased and owned properties, as of September 30, 2010:

Location	Square footage	Owned/Leased
United States		
North Billerica, Massachusetts	578,000	Owned
Canada		
Montreal	8,729	Leased
Mississauga	13,747	Leased
Dorval	13,079	Leased
Quebec	6,261	Leased
Hamilton	5,300	Leased
Vancouver	3,000	Leased
Australia		
Melbourne	2,911	Leased
Adelaide	3,929	Leased
Puerto Rico		
San Juan	9,200	Leased
Ponce	1,280	Leased

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INDUSTRY

Overview of the U.S. Healthcare Industry

According to CMS, spending on healthcare in the United States was estimated to be $2.5 trillion in 2009, or approximately 17.3% o projected to grow at a rate of 6.1% per year, to almost $4.4 trillion by 2018, or approximately 18.9% of U.S. GDP in 2018.

Growth in the U.S. healthcare industry is expected to be driven by several factors, including:

- Increased utilization of prescription drugs and medical technologies as the population grows, especially as these products commonplace;
- continued development and adoption of new technologies, including the expanded scope of care;
- increased prevalence of chronic diseases due to longer life spans and unhealthy lifestyles, requiring treatment of ongoing services such as nursing homes, which are estimated to account for over 75% of total national healthcare expenditures;
- escalating labor costs driven by a healthcare labor shortage and an increase in the number and sophistication of skilled pos
- aging of the U.S. population.

U.S. Healthcare Industry Trends

Greater Incidence and Prevalence of Heart Disease

Heart disease is currently the leading cause of death for both women and men in the United States. According to the American Hear

- In every year since 1900, except 1918, cardiovascular disease accounted for more deaths than any other major cause of de
- An aging population and an increase in the number of people considered overweight or obese have lead to an increased in disease. An estimated 81.1 million American adults (more than one in three) have one or more types of cardiovascular dis 47%, are estimated to be age 60 or older.
- Coronary artery disease and myocardial infarction are the principal types of heart disease, comprising approximately 68.2 2006.
- 309,000 deaths per year occur outside the hospital or emergency department due to coronary artery disease, and a majority undiagnosed coronary artery disease. Studies suggest that only 7.6% of victims survive an out-of-hospital cardiac arrest.

Over the period from 2009 to 2012, the U.S. population with coronary artery disease is expected to grow from 18.1 million to 21.1 r
rate of 5.3%, according to Frost & Sullivan.

Demographic Trends

The current growth in the number and proportion of older adults is unprecedented in the history of the United States. According to t
spans and aging baby boomers—will combine to almost double the population of Americans age 65 and older during the next 25 years a
Bureau. In addition, the cost of providing healthcare for an older American is estimated by the CDC to be three-to-five times greater than
age 65. As a result, by 2030, the nation's healthcare spending is projected by the CDC to increase by approximately 25% due to these de
in healthcare, life expectancy

in the United States as estimated by the CDC has increased from an approximate 47.3 years for Americans born in 1900 to an estimated
an additional 31 years of expected life, or an approximate 60% longer life expectancy. In conjunction with longer life spans, baby boome
2011. Hence, by 2030, the number of older Americans is expected to reach approximately 72.1 million, or roughly 19.3% of the U.S. pop
Census Bureau. More importantly, from 2010 to 2020, the population age 65 years and older is expected to grow by a compound annual
the U.S. Census Bureau, more than three times the national growth rate of approximately 1.0% according to the Central Intelligence Age
requires a greater amount of treatment than other population segments, and we believe the demand for diagnostic medical imaging agents
ages.

Obesity

The percentage of adults in the United States that are obese has increased significantly over the past 30 years. Data from the CDC's
Examination Survey shows that obesity levels of adults have increased dramatically—from 15.0% of the adult U.S. population in the late
Additionally, the percentage of the adult U.S. population considered overweight has remained fairly constant at approximately 33% over
the total population at risk for obesity-related diseases is increasing. In 2005-2006, over 67% of the adult U.S. population was considered
Frost & Sullivan, the number of Americans who were considered obese increased from 66 million in 2004 to 80 million in 2009, a comp
and is projected to increase to 93 million Americans in 2014, a compound annual growth rate of 3.0% from 2009 to 2014. We believe tha
and obese population is particularly important for diagnostic medical imaging agent sales, as a number of these products improve visuali
patients that would often otherwise have suboptimal images.

Healthcare Reform

We believe that diagnostic medical imaging should play an important role in the on-going transformation of the American healthcar
should be part of the solution to the dual challenges of improved outcomes and reduced costs. Given the substantial reimbursement and u
expects in the future, we are increasing our advocacy efforts substantially on the importance of diagnostic medical imaging. As a result o
disease, we believe our products allow healthcare providers to make more informed and better therapeutic decisions for their patients. Co
receive more appropriate levels of care, potentially improving outcomes, reducing patient risk and decreasing costs for payors and the en

Overview of the Diagnostic Medical Imaging Industry

Diagnostic medical imaging agents are often used during medical imaging examinations to highlight specific tissues and organs, or
processes, thereby assisting physicians in diagnosing medical conditions. These are pharmaceutical products that are administered *in vivo*
that help enhance the quality of images generated by diagnostic imaging equipment.

According to GIA, diagnostic medical imaging agents were estimated to be a $4.2 billion segment of the diagnostic medical imagin
2009. Sales of diagnostic medical imaging agents in North America were estimated to have grown at a compound annual growth rate of
projected to grow at a compound annual growth rate of 5.2% from 2009 to 2015.

Diagnostic medical imaging agents can be used with many types of imaging examinations, including the following key imaging mo

- Radiography (CT, x-ray and fluoroscopy);
- Nuclear imaging, including SPECT and PET;
- MRI and MRA; and
- Ultrasound imaging.

The following table illustrates the North American revenues projected by GIA for 2009 and 2015, as well as the compound annual g of these key imaging modalities (dollars in millions):

Modality	2009 Revenue	2015 Revenue	Compound Annual Growth Rate	Use	Lantheus Product
Nuclear (SPECT/PET)	$ 1,480	$ 2,164	6.5%	Utilizes radioisotopes to enable clearer visualization of organ functions, and cellular level analysis of diseases	Cardiolite, TechneLit Flurpirdaz F18 (Phas ^{18}F LMI1195 (Phase
MRI/MRA	$ 740	$ 975	4.7%	Increases the magnetic signal leading to clearer and brighter images of different body tissues	Ablavar
Ultrasound(1)	$ 49	$ 217	28.4%	Enhances reflection of ultrasonic waves, thereby enhancing the quality of ultrasound images	DEFINITY
Radiography	$ 1,865	$ 2,343	3.9%	Absorbs X-rays for a clearer visualization of the images	Not a current focus o Lantheus
Total	**$ 4,134**	**$ 5,699**	**5.5%**		

(1) Based on GIA projections, as well as more recent management estimates of the ultrasound imaging segment.

Diagnostic Medical Imaging Modalities

Nuclear Imaging Agents

Nuclear medicine refers to the use of small amounts of radioactive materials (radiopharmaceuticals) taken by injection, swallowing
disease. Radiopharmaceuticals are radioactive isotopes paired with molecular agents and, in combination with molecular imaging techni
diagnostic clinical applications. Diagnostic radiopharmaceutical agents are used to primarily illuminate the functioning of internal organs
tissues. They are detected by specialized cameras (PET or SPECT) designed to capture images of the agent after patient injections and co
this data and provide precise pictures of the area being imaged. The imaging provides information on both structure and function.

Diagnostic radiopharmaceuticals provide the largest growth opportunity among diagnostic medical imaging consumables. Accordin radiopharmaceutical agents were projected to generate sales in North America of approximately $1.5 billion in 2009. Cardiology diagnos represent the majority of diagnostic radiopharmaceutical revenues, contributing more than 50% of total diagnostic radiopharmaceutical r introduction of new products and the increasing application of PET technology as a mainstream diagnostic tool, GIA forecasts revenue fr agents in North America will grow at a compound annual growth rate of 6.5% from 2009 to 2015, reaching $2.2 billion by 2015.

MRA Agents

MRA agents generate images of the flow of blood in vessels during MRI in order to evaluate them for abnormal narrowing, occlusio used to evaluate the thoracic and abdominal aorta, the renal arteries and the arteries of the legs, neck and brain. Traditional contrast agen MRA indication and leave the body shortly after administration, which causes low quality imaging and may require repeat dosing. Mana 4 million MRA procedures performed each year of which 1 to 1.5 million use a contrast agent. GIA forecasts revenue from MR contrast at a compound annual growth rate of 4.7% from 2009 to 2015. MRA with contrast agents has been shown to provide significant improve unenhanced MRA.

Ultrasound

Ultrasound contrast agents are gas-filled micro-bubbles that are administered intravenously into the circulatory system. Micro-bubb bombarded with ultrasound waves, which is captured by ultrasound receivers. Micro-bubbles within the left ventricle of the heart, the ma allow the diagnostician to better view the wall motion of the left ventricle in comparison to the surrounding body tissue. This results in a

Ultrasound imaging is recognized as a painless and non-invasive medical procedure and yields several benefits, including real-time images, improved visualization of blood flow, patient comfort and relative affordability. The ultrasound contrast media segment was a fa North American contrast segment prior to the initiation of the FDA's boxed warning on ultrasound contrast agents in October 2007. Phys community felt the warning was unwarranted and campaigned for its removal. In May 2008, the FDA approved a revised label which is the negative effects of the initial boxed warning. According to management estimates, we believe the ultrasound contrast media segment 2008, was projected to rebound to approximately $49 million in 2009 and has the potential to be $217 million in 2015, which is expected in cardiac ultrasound procedures. We believe that ultrasound contrast agents are particularly effective in echocardiography. As incidence the increased visual acuity offered by ultrasound contrast agents is expected to result in its clinical validation and increased usage by clin

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MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of the executive officers and directors of Holdings and other key emplo
December 23, 2010. Holdings is our ultimate parent company, and the Board of Directors of Holdings is the primary board that takes act
strategic planning.

Name	Age	Position
Larry Pickering	67	Director and Chairman
Donald R. Kiepert	62	Director, President and Chief Executive Officer
Peter Card	61	Vice President, Strategy and Corporate Development
William Dawes	39	Vice President, Manufacturing and Supply Chain
Michael Duffy	50	Vice President, General Counsel and Secretary
Robert P. Gaffey	63	Vice President, Finance and Information Technology, and Treasur
Phillip Lockwood	61	Vice President, Human Resources
Simon Robinson	51	Vice President, Research and Pharmaceutical Development
Robert Spurr	48	Vice President, Sales & Marketing
Mary Taylor	51	Vice President, Global Regulatory Affairs
Cyrille Villeneuve	59	Vice President and General Manager, International
Dana Washburn	48	Vice President, Clinical Development & Medical Affairs
David Burgstahler	42	Director
Patrick O'Neill	61	Director
Sriram Venkataraman	38	Director

Set forth below is a description of the business experience of the foregoing persons.

Larry Pickering is the Chairman of Holdings' and our Board of Directors, a position he has held since January 2008. He is also a fou
he has held since 2005. Previously, he served as Chairman of DLJMB Global Healthcare Partners. He began his career in healthcare with
served as President of Ortho Dermatology, President of Janssen Pharmaceuticals and Chairman of Janssen North America, Company Gro
Chairman of Johnson & Johnson Development corporation and a Corporate Officer. Mr. Pickering retired from Johnson & Johnson in 20
holds a Bachelor of Business Administration from the University of Missouri. He currently serves as Director of Navilyst Medical, Inc. a
previously served on the boards of BioReliance Holdings, Inc., Accellent Inc., BioPartners GmbH and Point Therapeutics Inc. (now know

Don Kiepert is our President and Chief Executive Officer, a position he has held since January 2008. He is also our Director and a D
January 2008. Previously, Mr. Kiepert was a consultant for Avista and Point Therapeutics Inc. (now known as Dara BioSciences Inc.) fro
founder and former Chairman, President and Chief Executive Officer of Point Therapeutics, from 1996 to July 2007, and the President an
Chartwell Home Therapies from 1989 to 1996. Prior to 1989, he held various management positions at Baxter Travenol, Inc. He holds a
Pharmacy and a Bachelor of Science in Pharmacy from Purdue University. He previously served on the board of Point Therapeutics Inc.

Peter Card is our Vice President, Corporate Development, a position he has held since January 2008. Prior to that, Mr. Card has hel
past 24 years, including Vice President, U.S. Marketing and Business Development, and most recently, Vice President, Strategy and Bus
a Ph.D. in Organic Chemistry from Ohio State University and completed additional post-doctoral work at Harvard University.

William Dawes is our Vice President, Manufacturing and Supply Chain, a position he has held since January 2008. From 2005 to 20
Manager, Medical Imaging Technical Operations, Interim General Manager, Medical Imaging Technical Operations, and Director, Engi
BMSMI. Mr. Dawes began his career with DuPont Merck Pharmaceuticals. He holds a bachelor's degree in Engineering from Hofstra U

Michael Duffy is our Vice President, General Counsel and Secretary, a position he has held since January 2008. From 2002 to 2008,
President, General Counsel and Secretary of Point Therapeutics, Inc., a Boston-based biopharmaceutical company. Mr. Duffy began his
Ropes & Gray and holds law degrees from the University of Pennsylvania and Oxford University and a bachelor's degree from Harvard

Robert Gaffey is our Vice President, Finance and Information Technology, and Treasurer, a position he has held since January 2008
multiple positions with us since 1987, including Vice President Finance, Operations and General Manager Billerica Site, and most recen
Operations. He began his career with E.I. DuPont de Nemours. Mr. Gaffey holds a Bachelor of Science in Accounting from Bentley Coll
Administration from Widener University.

Philip Lockwood is our Vice President, Human Resources, a position he has held since February 2008. Prior to that, he served as Vi
Pharmaceuticals, Inc. and from 2003 through 2007, he held a senior HR position at EMD Serono and its predecessor, Serono Inc. Mr. Lo
from Siena College.

Simon Robinson is our Vice President, Research and Pharmaceutical Development, a position he has held since February 2010. Dr.
Discovery Research from 2008 to 2010 and our Director Discovery Biology and Veterinary Sciences from 2001 to 2008. Prior to joining
BMS, Sphinx Pharmaceuticals, BASF and Dupont Pharmaceuticals. He holds a Ph.D. and B.Sc. in Pharmacology from the University of
doctoral training at the University of Wisconsin Clinical Cancer Center.

Robert Spurr is our Vice President, Sales and Marketing, a position he has held since January 2010. From 2003 to 2010, he served a
Marketing, Institutional Franchise and Vice President Strategic Business Group, North America, at Ortho-McNeil, a pharmaceuticals div
previously held multiple positions at Aventis Pharmaceuticals and Novartis Pharmaceuticals. Mr. Spurr holds a Bachelor of Science degr
Master of Business Administration from Rutgers.

Mary Taylor is our Vice President, Global Regulatory Affairs, a position she has held since January 2009. From February 2008 to D
president at Tolerx. From December 2003 to January 2008, she was a senior vice president at Curagen. She holds a Bachelor of Science
State University and a Master of Public Health from the University of Michigan.

Cyrille Villeneuve is our Vice President and General Manager, International, a position he has held since November 2008. Prior to j
held positions at the Montreal Heart Institute and Hospital Hotel-Dieu Montreal. He holds a Bachelor of Arts from Montreal University a
Administration from the Ecole Nationale Administration Publique.

Dana Washburn is our Vice President, Clinical Development & Medical Affairs, a position he has held since April 2010. From 200
positions of increasing responsibility at Boston Scientific Corporation, most recently as Vice President, Clinical Trials and Safety, Medic
nuclear cardiologist, Dr. Washburn practiced medicine in both an academic and private setting prior to joining us. Dr. Washburn holds a
College and a Doctor of Medicine from the University of Massachusetts Medical School.

David Burgstahler is a Director and the Chairman of our Audit Committee and Compensation Committee, serving on our and Holdi January 2008. He is a founding partner of Avista since 2005 and since 2009, has been President of Avista. Prior to forming Avista, he wa Banking Partners. He was at DLJ Investment Banking from 1995 to 1997 and at DLJ Merchant Banking Partners from 1997 through 200 Anderson Consulting (now known as Accenture) and McDonnell Douglas (now known as Boeing). He holds a Bachelor of Science in Ac University of Kansas and a Master of Business Administration from Harvard Business School. He currently serves as a Director of Armo Holdings, Inc., Cidron Healthcare Limited (ConvaTec), INC Research, Inc., Navilyst Medical, Inc., Visant Corporation and WideOpenW a Director of Haights Cross Communications, Inc., Warner Chilcott plc and WRC Media Inc.

Sriram Venkataraman is a Director, serving on Holdings' board of directors since November 2010. He is also a Principal of Avista, to joining Avista, Mr. Venkataraman was a Vice President in the Healthcare Investment Banking group at Credit Suisse Group AG from worked at GE Healthcare (formerly known as GE Medical Systems) from 1996 to 1999. Mr. Venkataraman holds a Master of Science in University of Illinois, Urbana-Champaign and a Master of Business Administration with Honors from The Wharton School. He currently Medical, Inc. and OptiNose Inc.

Dr. Patrick O'Neill is a Director, serving on Holdings' board of directors since February 2008. He is also an industry advisor for Av 2008. Prior to joining Avista, he was at Johnson & Johnson from 1976 to 2006, holding Research and Development and New Business D Johnson & Johnson's pharmaceutical business, their Medical Devices and Diagnostics Group, and the surgical and interventional cardiol he retired in February 2006. He served as Executive in Residence at New Enterprise Associates from March 2006 through 2007. He hold Pharmacy and Ph.D. in Pharmacology from The Ohio State University. He currently serves as Director of Navilyst Medical, Inc., BioRel Inc.

Board of Directors

The Board of Directors of Holdings is responsible for the management of our business. The Board of Directors of Holdings is comp who are elected to an annual meeting of stockholders serve in their position until the next annual meeting and until their successors are e management and employee shareholders agreements described in "Certain Relationships and Related Party Transactions—Shareholders rights with respect to the composition of the Holdings board of directors and Avista is entitled to majority representation on any committ Messrs. Pickering, Kiepert, Burgstahler, O'Neill and Venkataraman were appointed pursuant to these agreements.

Although not formally considered by the Board of Directors of Holdings because our securities are not registered or traded on any n not believe that any of our directors would be considered independent for either Board of Directors or Audit Committee purposes based u New York Stock Exchange. We believe none of our directors would be considered independent because of their relationships with Avista owns approximately 99.5% of Holdings' issued and outstanding capital stock, as described further under "Principal Stockholders," and ot described further under "Certain Relationships and Related Party Transactions."

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Board Committees

The Audit Committee of Holdings is composed of Messrs. Burgstahler and Venkataraman. The Compensation Committee of Holdi
Messrs. Burgstahler and Pickering.

Compensation Committee Interlocks and Insider Participation

During 2009, the members of our compensation committee were Messrs. Burgstahler and Pickering. Mr. Burgstahler is the Presider
Partner of Avista. Avista provides us with advisory services pursuant to an advisory services and monitoring agreement and has entered i
"Certain Relationships and Related Person Transactions—Advisory and Monitoring Services Agreement."

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee is generally charged with the oversight of our executive compensation program. The Compensation C
Messrs. Burgstahler and Pickering. Responsibilities of the Compensation Committee include the review and approval of the following ite

- executive compensation strategy and philosophy;
- compensation arrangements for executive management;
- design and administration of the annual incentive plan;
- design and administration of our equity incentive plans;
- executive benefits; and
- any other compensation or benefits related items deemed appropriate by the Compensation Committee.

In addition, the Compensation Committee considers the proper alignment of executive pay with our values and strategy by overseei
policies, measuring and assessing corporate performance and taking into account our Chief Executive Officer's performance assessment
Compensation Committee has not historically used the services of independent compensation consultants, it may retain such services in t
review of programs and arrangements relating to executive compensation and performance.

The following executive compensation discussion and analysis describes the principles underlying our executive compensation poli
material elements of compensation for our named executive officers. Our named executive officers for 2009 were:

- Larry Pickering, Executive Chairman;
- Donald Kiepert, President and Chief Executive Officer;
- Robert Gaffey, Vice President, Finance and Information Technology and Treasurer;
- Mary Taylor, Vice President, Regulatory Affairs; and
- Cyrille Villeneuve, Vice President and General Manager, International.

Effective January 8, 2010, Mr. Pickering relinquished his executive role of direct oversight of our Research and Development organ

Mr. Pickering continues to serve as the non-executive Chairman of the Board of Directors.

As discussed in more detail below, the material elements and structure of our executive compensation program were negotiated and
Acquisition.

Compensation Philosophy and Objectives

The core philosophy of our executive compensation program is to support our primary objective of providing innovative medical im
treatment of human disease while enhancing our long-term value to our stockholders.

Specifically, the Compensation Committee believes the most effective executive compensation program for all executives, includin

- reinforces our strategic initiatives;
- aligns the economic interests of our executives with those of our stockholders; and
- encourages attraction and long-term retention of key contributors.

The Compensation Committee considers the following factors when determining compensation for our executive officers, including

- the requirements of any applicable employment agreements;
- the executive's individual performance during the year;
- his or her projected role and responsibilities for the coming year;
- his or her actual and potential impact on the successful execution of our strategy;
- recommendations from our Chief Executive Officer and any independent compensation consultants, if used;
- an officer's prior compensation, experience, and professional status;
- internal pay equity considerations; and
- employment market conditions and compensation practices within our peer group.

The weighting of these and other relevant factors is determined on an individual basis for each executive upon consideration of the

The Compensation Committee is committed to a strong, positive link between our objectives and our compensation practices. Our c allows for flexibility in establishing executive compensation based on an evaluation of information prepared by management or other adv subjective considerations deemed appropriate by the Compensation Committee, subject to any contractual agreements with our executive ensure our compensation programs are competitive and that our compensation decisions appropriately reflect the unique contributions an officers.

Compensation Benchmarking

The Compensation Committee ensures executives' pay levels are materially consistent with our compensation philosophy and objec conducting annual assessments of competitive executive compensation. We utilize data from publicly traded, similarly-sized pharmaceut life science companies as our primary source for competitive pay levels. However, the Compensation Committee does not support rigid a compensatory formulas and strives to make compensation decisions which effectively support our compensation objectives and reflect th and each executive.

For 2009 compensation for our executive officers, including our named executive officers, the Compensation Committee reviewed provided by Radford Life Sciences Survey, a nationally recognized survey source. The Compensation Committee looked at compensatio with 500 or fewer employees, the closest approximation to our size, and, to the extent possible, comparable position matches and compe

For 2009 compensation for our Chief Executive Officer, data were also collected from a review of the following industry peers: Aba Alexion Pharmaceuticals, Inc., Alkermes, Inc., AMAG Pharmaceutical, Inc., Auxilium Pharmaceuticals, Inc., Cepheid, Cubist Pharmace

Pharmaceuticals, Inc., Gen-Probe Incorporated, Genomic Health, Inc., IDEXX Laboratories, Inc., Immucor, Inc., Inverness Medical Inno
Alere Inc.), The Medicines Company, Meridian Bioscience, Inc., Molecular Insight Pharmaceuticals, Inc., Myriad Genetics, Inc., Nektar
Pharmaceuticals, Inc., Quidel Corporation and TECHNE Corporation. In 2008, this peer group had a mean revenue of $211.3 million and
group selection included 22 life science and specialty pharmaceutical companies. It was selected to best reflect similar sized companies i
products, full field sales operations and a balance of both private and public companies.

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Employment Agreements

In connection with the Acquisition, we entered into employment agreements with Messrs. Pickering and Kiepert. Our other named e
employment agreements.

Among other things, these agreements set the executives' compensation terms, their rights upon a termination of employment and re
competition, non-solicitation, and confidentiality. See "—Potential Payments Upon Termination or Change of Control—Employment Ag

Elements of Compensation

Our compensation program is heavily weighted towards performance based compensation, reflecting our philosophy of increasing c
strategic imperatives, as discussed above. Total compensation and other benefits consist of the following elements:

- base salary;
- annual non-equity incentive compensation; and
- long-term equity incentives in the form of stock options.

We do not offer a defined benefit pension plan. The Compensation Committee supports a competitive employee benefit package, bu
perquisites or other supplemental programs targeted to executives.

Base Salary

Base salaries are intended to provide reasonable and competitive fixed compensation for regular job duties. In light of both the exter
revenue associated with the loss of marketing exclusivity on Cardiolite, we did not increase the base salaries of any named executive offi

Following a successful first year after the Acquisition, in 2009, Mr. Pickering's base salary was reduced from $500,000 to $400,000
Board of Directors to reduce his direct oversight responsibilities.

Ms. Taylor joined us on January 6, 2009. Her salary, cash incentive compensation and stock options granted are the result of negotia
Committee was actively involved. The Compensation Committee believes what was offered was externally competitive and necessary to
for the position.

Our general practice with respect to cash compensation is that executive base salaries and annual cash incentive compensation value
annual cash compensation between the 25th and 75th percentiles of similarly-sized life science companies. See "—Compensation Discus
Benchmarking." Cash compensation is generally below the median for those who were awarded larger option awards and more competit

In 2009, the base salaries of Messrs. Pickering, Kiepert, Gaffey and Villeneuve and Ms. Taylor were $400,000, $400,000, $250,000

respectively.

Annual Cash Incentive Compensation

Our 2009 Executive Leadership Team Incentive Bonus Plan (the "Bonus Plan") is intended to reward executive officers, including c
annual financial performance, performance of other corporate goals that may be long-term in nature and meeting or exceeding certain sh

Cash incentive compensation under the Bonus Plan is subject to the achievement of a certain EBITDA target. EBITDA is defined in interest, taxes, depreciation and amortization. The Bonus Plan provides for adjustments to the EBITDA targets by the Compensation Co unforeseen events.

The Compensation Committee chose to structure annual incentives on EBITDA for a number of reasons:

- it effectively measures our overall performance;
- it can be considered an important surrogate for cash flow, a critical metric related to servicing our outstanding debt;
- it is a key metric driving our valuation, consistent with the valuation approach used by industry analysts; and
- it is consistent with the metric used for the vesting of the financial performance portion of our option grants.

These EBITDA targets should not be understood as management's predictions of future performance or other guidance and investor other context. EBITDA targets were linked to our short-term and long-term business objectives to ensure incentives are provided for app Compensation Committee believes our cash incentive compensation structure is consistent with competitive practice.

The potential bonus payouts under various scenarios in 2009 for our named executive officers were as follows:

Named Executive Officer	Threshold Bonus(1) (as % of Base Salary)	Target Bonus (as % of Base Salary)	Above Target Bonus (as % of Base Salary)
Larry Pickering	50.0%	100.0%	200.0%
Don Kiepert	50.0%	100.0%	200.0%
Robert Gaffey	15.0%	30.0%	60.0%
Mary Taylor	15.0%	30.0%	60.0%
Cyrille Villeneuve	15.0%	30.0%	60.0%

(1) Assuming that named executive achieved his/her department and individual performance goals

For Messrs. Pickering and Kiepert, pursuant to their respective employment agreements, payout of the target level bonus is tied to t target and other corporate performance goals established by the Compensation Committee within the first three months of a given year. F other named executive officers, payout of the target level bonus is tied to the achievement of the EBITDA target and the achievement of and individual performance goals. The achievement of the EBITDA target accounts for 50% of the total bonus award, while the achiever and individual performance goals accounts for 30% and 20%, respectively. Department performance goals are recommended and approv at the start of each year. Achievement of individual performance goals are assessed by our Chief Executive Officer at the end of each yea provide a meaningful incentive for executives to achieve or exceed performance goals.

If we did not meet the EBITDA target, but we met a level equal to at least 90% of the EBITDA target, then pursuant to the Bonus P

has discretion to award any percentage of the target bonus, calculated relative to the achievement of the named executive officer's perfor
individual and corporate performance goals. For example, if we did meet 90% of the EBITDA target and the executive achieved his/her

performance goals, the executive would receive a threshold bonus equal to 50% of his/her bonus target. If we did not meet at least 90% o bonus is awarded.

If our EBITDA is above the EBITDA target, the Bonus Plan specifies a formula that would create a pool (the "Bonus Pool") not to e allocation among the participants of the Bonus Plan, including our named executive officers. The Bonus Pool amount is set at 4.548% of year in excess of the EBITDA target. The maximum potential payout from the Bonus Pool for each participant, including our named exe respective target bonus amount. As such, total bonus awarded for above EBITDA target achievement would be double the target bonus a including our named executive officers.

Our EBITDA target for the fiscal year ended December 31, 2009 was established at $110 million. In the fiscal year ended Decembe $98.6 million. Because we did not meet our EBITDA target but achieved at least 90% of the EBITDA target, the bonus for 2009 was sub Compensation Committee relative to the achievement of performance goals, including department, individual and corporate performance

For Messrs. Pickering and Kiepert in 2009, these performance goals included, in addition to attaining our EBITDA goal: acquiring c to enhance future revenues; enhancing the existing product and candidate portfolio through further licensing opportunities of the PPA pro outside of the United States; driving clinical development programs of our PET perfusion agent and cardiac neuronal imaging agent to IN chain for Moly, including a new agreement with Nordion; establishing and implementing mission, vision and values programs; and deve For Mr. Gaffey, performance goals included delivering established 2009 financial plans with a focus on managing expenses, implementi organizational capabilities within assigned functions, improving the time-to-close after the end of the reporting period and the timeliness improved compliance and controls, including a formal Sarbanes-Oxley Act assessment and delivery of a business resilience plan. For Ms included ensuring timely filings with the appropriate government agencies and implementing proper compliance procedures including ex DEFINITY labeling with the FDA relative to the boxed warning and other potential indications, an IND for our cardiac neuronal imaging the required electronic format, implementing labeling process revisions and changes-being-effected-in-30 days for a new Moly source. F goals included attaining international EBITDA goals, executing on at least one new business development initiative in a foreign jurisdict new lab facility in Mississauga, Ontario, completing regulatory filings with Puerto Rico for an oncology diagnostic agent and launching

The Compensation Committee set 50% of the target bonus as a threshold bonus amount for 2009. In assessing the performance of M Compensation Committee focused primarily on the EBITDA attainment. The Compensation Committee gave some consideration to man the supply challenges where the unexpected global Moly supply shortage significantly affected revenues of TechneLite and Cardiolite. T that further progress was required in partnering PPA in Europe and in development of the strategic plan. The bonus awards to Messrs. Pi target reflect the Compensation Committee's desire to maintain accountability for achieving EBITDA targets.

The Compenation Committee accepted our Chief Executive Officer's assessment of Messrs. Gaffey's and Villeneuve's and Ms. Tayl specific 2009 goals as 100%, 80% and 100%, respectively. Our Chief Executive Officer's assessment was based on the achievement of a exception of Mr. Villeneuve who did not yet achieve an international business development goal.

After consulting with our Chief Executive Officer on the performance of his direct reports and the achievements of each named exe performance goals, the Compensation Committee awarded bonuses to the named executive officers above the threshold amount, as reflec Table under "Non-Equity Incentive Compensation" and "Bonus." While discretion was used to award bonuses above the threshold amou awards were granted in excess of each named executive officer's target bonus award, as reflected in the table below:

Named Executive Officer	Actual Bonus (% of Base Salary)
Larry Pickering	62.5%
Don Kiepert	62.5%
Robert Gaffey	30.0%
Mary Taylor(1)	18.0%
Cyrille Villeneuve	28.0%

(1) In addition to her bonus awarded pursuant to the Bonus Plan, Ms. Taylor was awarded a $25,0 contributions as interim head of Clinical Development.

For 2010, the Compensation Committee adopted a new bonus plan (the "2010 Bonus Plan") that kept the same structure as the Bonu other performance objectives to be consistent with our financial plans.

Long-Term Equity Incentive Awards

In connection with the Acquisition, the Board of Directors approved and adopted the 2008 Lantheus MI Holdings, Inc. 2008 Equity Plan"). The purpose of the 2008 Equity Plan is to:

- promote our long-term financial interests and growth by attracting and retaining management and other personnel and key training, experience and abilities to enable them to make substantial contributions to the success of our business;
- motivate management personnel by means of growth-related incentives to achieve long range goals; and
- further the alignment of interests of participants with those of our stockholders through opportunities for increased stock o

Although we look at competitive long-term equity incentive award values when assessing our compensation programs, as described Discussion and Analysis—Compensation Benchmarking," we do not make annual executive option grants because, following the Acquis option grants that vest over time and with the achievement of certain performance goals in lieu of annual grants. The Compensation Com grants establish performance objectives and incentives and helps align our executives' interests with the interests of the stockholders in fo motivate sustained increases in our financial performance and help ensure that the investors have received an appropriate return on their officers receive significant value from these options.

In 2008, the Compensation Committee approved long-term stock option grants to Messrs. Pickering, Kiepert, Gaffey and Villeneuv terms of these stock option grants were consistent with the stock option grants granted after the Acquisition. During 2009, the Committee

Ms. Taylor in conjunction with an offer of employment and a supplemental grant of options to Mr. Villenueve in recognition of his contr

2008 towards launching our international operations, including exceeding first-year EBITDA targets, and to improve the internal equity a

The options have an exercise price equivalent to fair market value on the date of grant. Since our common stock is not currently trad exchange, fair market value is determined reasonably and in good faith by the Board of Directors.

These options have a ten-year term and are allocated so that 50% are time vested options (the "Time Vesting Options") and 50% are vested options (the "Performance Vesting Options"). The combination of time and performance based vesting of these awards is designe officers, including our named executive officers, for their long-term commitment to us. They are also designed to motivate sustained incr and help ensure that the investors have received an appropriate return on their invested capital before executive officers receive significa

EBITDA is defined in the award agreements as the sum of net income (or loss) of the business or entity for such period; plus interes depreciation expenses, amortization expenses, all fees paid by us or any of our subsidiaries pursuant to the Advisory Services Agreement January 8, 2008, non-recurring expenses for executive severance, relocation, recruiting and one-time compensation, the aggregate amoun reducing net income including stock-based compensation expense, retention bonuses paid in fiscal year 2008; all extraordinary losses; le case determined in accordance with generally accepted accounting principles in the United States.

The Time Vesting Options are granted to aid in retention. Consistent with this goal, the Time Vesting Options granted to Messrs. Ki 2008, and to Ms. Taylor and Mr. Villeneuve in 2009, vest ratably on the grant date over the following five years. To recognize Mr. Picke leading the acquisition options granted to Mr. Pickering in 2008 vest 40% on the first year and ratably on the grant date over the followin

The Performance Vesting Options are intended to motivate financial performance in line with investors' outlook for performance du EBITDA as the performance metric since it is a key driver of our valuation and for the reasons described above in "Annual Cash Incentiv Performance Vesting Options granted to Messrs. Kiepert, Gaffey and Villeneuve in 2008, and to Ms. Taylor and Mr. Villeneuve in 2009 equal installments if certain annual EBITDA targets are achieved. To recognize Mr. Pickering's role with Avista Capital in leading the ac Mr. Pickering in 2008 vest 40% in the first year and ratably in three equal installments if certain annual EBITDA targets are achieved. Th established at the time of the Acquisition and can be adjusted by the Board of Directors in consultation with our Chief Executive Officer

On April 8, 2009, Mr. Pickering received a supplemental grant of 50,000 options in recognition of his contributions in connection w extension of the marketing exclusivity of Cardiolite and exceeding the EBITDA targets established for 2008. Anticipating Mr. Pickering to a non-employee director in the future, Mr. Pickering's award was granted in the form of 100% time-based options, vesting ratably in fo

Due to the number of events that can occur within our industry in any given year that are beyond the control of management but ma our financial performance, such as significant fluctuations in the cost of raw materials and unit sales volume, and regulatory and reimbur incorporated certain vesting provisions into each stock option grant agreement that allow such Performance Vesting Options to vest later Performance Vesting Options that were eligible to vest but failed to vest due to our failure to achieve an EBITDA target in any given yea EBITDA target in a subsequent year.

Consistent with the EBITDA targets under the Bonus Plan, pursuant to the terms of the 2008 Equity Plan and the individual Stock O option grant, the Board of Directors, in consultation with our Chief Executive Officer, has the ability to adjust the EBITDA targets for si accounting rules and other customary adjustment events. We believe these adjustments may be necessary in order to effectuate the intent plans and to avoid unintended consequences that are inconsistent with these intents and purposes.

If our EBITDA is below the EBITDA target but is equal to at least 90% of the EBITDA target, then a percentage of the Performanc year, calculated as follows:

$$\text{(10\% of possible vested Performance Vesting Options)} \times \frac{\text{(Incremental EBITDA over 90\% of EBITDA target)}}{\text{(EBITDA target—90\% of EBITDA target)}} + \text{(90\% of possible vested Performance Vesting Options)}$$

Our EBITDA target in 2009 was $114.0 million. The EBITDA target was adjusted to $109.8 million to reflect anticipated additiona with the launch of Ablavar. In the fiscal year ended December 31, 2009, our actual EBITDA was $98.6 million. Pursuant to each individ carry forward of $3.6 million in EBITDA from 2008 was added in determining 2009 vesting. As such, our EBITDA for purposes of dete $102.2 million. As a result, using the formula described above, 18.62% of the Performance Vesting Options vested in 2009 out of a poss

We set our future EBITDA targets to reflect our expected annual EBITDA which progressively increases as we approach the expect products. Thus, while designed to be attainable, EBITDA targets for these years require strong performance with our existing and acquir execution of our clinical pipeline program and cost control.

For additional information concerning the options awarded in 2008 and 2009, see "2009 Grants of Plan-Based Awards" and "Outsta Fiscal Year-End."

Other Benefits

Retirement Plans

We offer a 401(k) qualified defined contribution retirement plan for U.S.-based employees, including named executive officers, wit he is based in Canada, Mr. Villeneuve participates in a Registered Retirement Saving Plan and a Deferred Profit Sharing Plan, both of wh employees.

Personal Benefits

Mr. Pickering's employment agreement specifies a per diem allowance of $200 per day while in Billerica, Massachusetts, in lieu of Mr. Villeneuve is provided with a travel allowance consistent with his role in Canada leading a network of radiopharmacies. Except as o welfare and employee-benefit programs are the same for all of our eligible employees, including our named executive officers. Our other receive additional benefits outside of those offered to our other employees.

Ownership Guidelines

In the event of exercise of an option grant, the resulting shares are subject to the provisions of the Employee Shareholder Agreemen
rights to ensure alignment with the initial investors. We do not maintain formal ownership guidelines.

Severance and Change in Control Benefits

As noted above, Messrs. Pickering and Kiepert have entered into employment agreements which detail, among other things, each ex of employment in exchange for non-competition, non-solicitation and confidentiality covenants. See "—Potential Payments Upon Termi

We believe that reasonable severance benefits are appropriate in order to be competitive in our executive retention efforts. These be difficult for such executives to find comparable employment within a short period of time. We also believe formalized severance arrange requirement to attract the required talent for the role.

Recoupment of Compensation

Information regarding our policy with respect to the recovery of incentive compensation is provided under "Elements of Compensat Compensation."

Tax and Accounting Implications

We were not subject to Section 162(m) of the Internal Revenue Code, as amended in 2009. For 2010 and beyond, the Compensation impact of Section 162(m) in the design of its compensation strategies. Under Section 162(m), compensation paid to executive officers in taken by us as a tax deduction unless the compensation qualifies as performance-based compensation. We have determined, however, tha limit executive compensation to amounts deductible under Section 162(m) if such limitation is not in the best interests of our stockholder implications of its compensation decisions, the Compensation Committee believes its primary focus should be to attract, retain and motiv executives' interests with those of our stockholders.

The Compensation Committee operates its compensation programs with the good faith intention of complying with Section 409A o account for stock based payments with respect to our long-term equity incentive award programs in accordance with the requirements of

Compensation Risk Assessment

In consultation with the Compensation Committee, members of Human Resources, Legal and Finance groups conducted an annual a compensation policies and practices encourage excessive or inappropriate risk taking by our employees, including employees other than assessment included a review of the risk characteristics of our business and the design of our incentive plans and policies. Although a sig compensation program is performance-based, the Compensation Committee has focused on aligning our compensation policies with our rewards or incentive structures that could create unnecessary risks to us.

Management reported its findings to the Compensation Committee, which agreed with management's assessment that our plans and excessive or inappropriate risk taking and determined such policies or practices are not reasonably likely to have a material adverse effec

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2009 Summary Compensation Table

The following table sets forth certain information with respect to compensation for the year ended December 31, 2009 earned by or officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)(5)	Option Awards ($)(6)	Non-Equity Incentive Plan Compensation ($)(7)	All Other Compensation ($)(8)	Tota ($)
Larry Pickering(1) *Chairman*	2009	$ 401,154	$ 50,000	$ 155,000	$ 200,000	$ 1,950	$ 808
Donald Kiepert *President and Chief Executive Officer*	2009	$ 400,000	$ 50,000	—	$ 200,000	$ 12,346	$ 662
Robert Gaffey(2) *Vice President, Finance, Information Technology and Treasurer*	2009	$ 250,000	$ 37,500	—	$ 37,500	$ 9,361	$ 334
Mary Taylor(3) *Vice President, Global Regulatory Affairs*	2009	$ 268,654	$ 33,750	$ 155,500	$ 41,250	—	$ 499
Cyrille Villeneuve(4) *Vice President and General Manager, International*	2009	$ 214,963	$ 31,702	$ 31,100	$ 35,960	$ 34,299	$ 348

(1) Mr. Pickering served as Executive Chairman until January 8, 2010, at which time he relinquished his executive Officer and retained his role of non-executive Chairman of the Board. In 2009, Mr. Pickering did not receive an position as a director. In connection with his change of role in 2010, Mr. Pickering's salary was renegotiated to $

(2) Mr. Gaffey held the position of Vice President, Finance, IT and Operations until January 18, 2010, when his res reassigned in a reorganization of our executive officers.

(3) Ms. Taylor joined us on January 6, 2009. The amounts shown in "Salary" reflect the pro-rated amount of her bas

(4) Mr. Villeneuve is based in Canada and paid in Canadian dollars. The amounts shown in "Salary" and "All Other exchange rate of 0.8774 Canadian dollars per each U.S. Dollar, as reported by Oanda for the 2009 calendar year was CAD $245,000. Mr. Villeneuve's bonus, as disclosed in "Non-Equity Incentive Plan Compensation," reflect dollars per each U.S. Dollar for March 31, 2010 to align with the distribution of the award.

(5) The amounts reflect the cash incentive compensation awarded above the threshold bonus target by the Compens Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Incentive Compensation."

amount also reflects a discretionary bonus of $25,000 that the Compensation Committee awarded for her contrib
Clinical Development.

(6) Includes the grant date fair value of the stock option awards granted during the fiscal year ended December 31, 2
with respect to options to purchase shares of our common stock awarded to the named executive officers in 200

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"—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Account
Stock-Based Compensation."

(7) The amounts reflect the cash incentive compensation earned for the year ended December 31, 2009 under the Bo
first quarter of 2010.

(8) For Messrs. Kiepert, Gaffey and Villeneuve, the amounts reflect matching contributions to our defined contribut
$9,361 and CAD $23,465, respectively. Mr. Villeneuve also received a car allowance of CAD $15,633. Mr. Pick
participate in our 401(k) plan during 2009. For Mr. Pickering, the amount reflects the total per diem allowance h

2009 Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2009
executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exer or B Pric Opt Awa ($/S
		Threshold ($)(1)	Target ($)(2)	Maximum ($)(3)	Threshold (#)	Target (#)	Maximum (#)		
Larry Pickering	—	$ 200,000	$ 400,000	$ 800,000	—	—	—	—	
	4/20/09	—	—	—	—	—	—	50,000(4)	$
Donald Kiepert	—	$ 200,000	$ 400,000	$ 800,000	—	—	—	—	
Robert Gaffey	—	$ 37,500	$ 75,000	$ 150,000	—	—	—	—	
Mary Taylor	—	$ 41,250	$ 82,500	$ 165,000	—	—	—	—	
	4/8/09	—	—	—	4,500	25,000(3)	25,000	25,000(5)	$
Cyrille Villeneuve (6)	—	$ 35,960	$ 71,920	$ 143,840	—	—	—	—	
	4/8/09	—	—	—	900	5,000(4)	5,000	5,000(7)	$

(1) The amounts shown in the "Threshold" column reflect the threshold payment, which is 50% of the amount show
Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Incentive Compensation."

(2) The amount show in the "Target" column is the potential cash incentive award given to our named executive off
2009. For Messrs. Pickering and Kiepert, that amount is 100% of their respective 2009 base salaries. For Ms. Ta

Villeneuve, that amount is 30% of their respective 2009 base salaries. See "—Compensation Discussion and An
Compensation—Annual Cash Incentive Compensation."

(3) The amount shown in the "Maximum" column is the target amount plus 60% of the named executive officer's ba
Plan, if we achieve an EBITDA that is greater than the EBITDA target, the Bonus Plan specified a formula that
$500,000 in the aggregate for discretionary allocation among the eligible participants of the Bonus Plan. The ma
Pool for each participant, including our named executive officers, is 60% of their respective base salary. See "—
Analysis—Elements of Compensation—Annual Cash Incentive Compensation."

(4) Mr. Pickering received a supplemental grant of 50,000 options in recognition of his contributions in connection
extension of the marketing exclusivity of Cardiolite and exceeding the EBITDA targets established for 2008. An
executive role to evolve to a non-employee director in the future, Mr. Pickering's award was granted in the form
vesting 25% on each anniversary of the grant.

(5) Ms. Taylor was granted 50,000 stock options with a ten-year term in conjunction with an offer of employment. 2
Vesting Options and 25,000 are Performance Vesting Options. See "—Compensation Discussion and Analysis–
Long-Term Equity Incentive Awards."

(6) Mr. Villeneuve is based in Canada and paid in Canadian dollars. The U.S. Dollar amounts reflects the spot rate
U.S. Dollar for March 31, 2010 to align with the distribution of the award in 2009.

(7) Mr. Villeneuve received a supplemental grant of 10,000 options with a ten-year term. This supplemental grant w
Committee in recognition of Mr. Villeneuve's contribution in 2008 towards launching our international operatio
EBITDA targets, and to improve the internal equity among our executive officers. 5,000 of these options are Tir
Performance Vesting Options. See "—Compensation Discussion and Analysis—Elements of Compensation—L
Awards."

Outstanding Equity Awards at 2009 Fiscal Year-End

The following table includes certain information with respect to options held by the named executive officers as of December 31, 20

	Option Awards				
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Securities of Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Optio Expirati Date
Larry Pickering:					
Stock Options(1)	300,480	225,360	225,360	$ 2.00	3/3/1
Stock Options(2)	—	50,000	—	$ 6.84	4/19/
Don Kiepert:					
Stock Options(3)	250,400	500,800	500,800	$ 2.00	2/24/
Robert Gaffey:					
Stock Options(3)	70,000	140,000	140,000	$ 2.00	4/3/1
Mary Taylor:					
Stock Options(4)	—	25,000	25,000	$ 6.84	4/7/1
Cyrille Villeneuve:					
Stock Options(3)	8,000	16,000	16,000	$ 2.00	4/3/1
Stock Options(4)	—	5,000	5,000	$ 6.84	4/7/1

(1) 40% of the shares subject to the Time Vesting Options vested on January 1, 2009 and 40% of the Performance V
2009 upon the Compensation Committee's determination that we achieved the 2008 EBITDA performance targe
the Time Vesting Options will vest ratably over the next three years and will vest in full as of January 1, 2012. A
met in each applicable fiscal year, the remaining shares subject to the Performance Vesting Options will vest rat

(2) The remaining shares subject to the Time Vesting Options will vest ratably over the next four years and will ves

(3) 20% of the shares subject to the Time Vesting Options vested on January 1, 2009 and 20% of the Performance V 2009 upon the Compensation Committee's determination that we achieved the 2008 EBITDA performance targe

subject to the Time Vesting Options will vest ratably over the next four years and will vest in full as of January
targets are met in each applicable fiscal year, the remaining shares subject to the Performance Vesting Options v
years.

(4) The remaining shares subject to the Time Vesting Options will vest ratably over the next five years and will ves
Assuming the EBITDA targets are met in each applicable fiscal year, the remaining shares subject to the Perfor
ratably over the next five.

Option Exercises and Stock Vested in 2009

The named executive officers did not exercise any options during 2009. We do not offer any stock awards, other than stock options,

2009 Pension Benefits

We do not offer our executives or others a pension plan. Retirement benefits are limited to participation in our 401(k) plan with a 4.
corresponding international plan. Because he is based in Canada, Mr. Villeneuve participates in a Registered Retirement Saving Plan and
both of which are available to all Canadian employees.

Potential Payment Upon Termination or Change in Control

The information below describes and quantifies certain compensation that would become payable under certain named executive of
as of December 31, 2009, his employment had terminated or there was a change in control. Due to the number of factors that affect the n
provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amoun
year of any such event.

Employment Agreements and Arrangements

The only named executive officers for which we have employment agreements are Messrs. Pickering and Kiepert.

Larry Pickering

On March 4, 2008, we entered into an employment agreement with Mr. Pickering, our chairman of the Board of Directors, which w
October 19, 2008 and effective as of January 1, 2009, and also amended on January 4, 2010. Pursuant to the terms of his amended emplo
currently receives $200,000 in annual base salary. Mr. Pickering's employment can be terminated at any time and for any reason, and he
severance or termination benefits.

Don Kiepert

On January 8, 2008, we entered into an employment agreement with Don Kiepert, our President and Chief Executive Officer. Pursu

Mr. Kiepert currently receives $412,000 in annual base salary, subject to any increases in base salary as may be determined from time to
Board of Directors. In addition, the employment agreement allows Mr. Kiepert to be eligible to receive an annual bonus award of up to 1
the achievement of certain performance targets. Mr. Kiepert is also eligible to participate in our

health, life and disability insurance, and retirement and fringe employee benefit plans on the same basis as those benefits are generally m
executives.

If we terminate Mr. Kiepert with cause or Mr. Kiepert resigns without good reason, then he is entitled to receive his base salary thro
reimbursement for any unreimbursed business expenses properly incurred by Mr. Kiepert prior to his termination or resignation, provide
within 30 days of termination. In the event of Mr. Kiepert's resignation without good reason, he is also entitled to such vested or accrued
is entitled under our employee benefit plans.

If Mr. Kiepert's employment terminates as a result of his death or if we terminate Mr. Kiepert due to his physical or mental illness, i
reasonably like to prevent or prevents him from performing his essential job functions for 90 consecutive calendar days or an aggregate o
consecutive twelve month period, then Mr. Kiepert or his estate is entitled to receive: (a) his base salary through the date of termination;
unreimbursed business expenses properly incurred; (c) any vested or accrued employee benefits as to which he is entitled under our empl
rata portion of his target annual bonus amount in the year he was terminated, based upon the percentage of the fiscal year that has elapse
termination, contingent upon an effective release of claims against us and payable at such time as the annual bonus would have otherwis
terminated.

If we terminate Mr. Kiepert without cause or Mr. Kiepert resigns with good reason, then he is entitled to receive: (a) his base salary
(b) reimbursement for any unreimbursed business expenses properly incurred; (c) any vested or accrued employee benefits as to which h
benefit plans; (d) a pro rata portion of his target annual bonus amount in the year he was terminated, based upon the percentage of the fis
the date of his termination, contingent upon an effective release of claims against us and payable at such time as the annual bonus would
he not been terminated; (e) subject to Mr. Kiepert's continued compliance with the non-competition and confidentiality clauses within his
effective release of claims against us, continued payment of his base salary in accordance with our normal payroll practices for twelve m
provided that any such payment is reduced by the present value of any other cash severance or termination benefits payable to Mr. Kiepe
arrangements or programs; and (f) for twelve months after the date of termination, continued life insurance and group medical coverage
dependents upon the same terms as provided to our other senior executive officers and at the same coverage levels, provided that such co
Mr. Kiepert becoming employed by another employer and eligible for life insurance and/or medical coverage with such other employer.

If we terminated Mr. Kiepert without cause or Mr. Kiepert resigned with good reason on December 31, 2009, he would have been e
$849,247 ($400,000 for salary, $400,000 for bonus, $21,555 for benefits and $27,692 for accrued vacation), payable as described above,
salary and bonus and unreimbursed business expenses.

2008 Equity Plan

The 2008 Equity Plan and each individual Stock Option Agreement provides for accelerated vesting of both Time Vesting Options a
granted under the 2008 Equity Plan upon a change of control if net cumulative cash proceeds received by our investors exceed certain m
If such a change in control occurred on December 31, 2009, each named executive officer's unvested Time Vesting Options and Perform

immediately vest and become exercisable. The aggregate dollar value of unvested stock options held by such named executive officer on

Name	Aggregate Dollar Value(1)
Larry Pickering	$ 2,832,421
Don Kiepert	$ 6,149,824
Robert Gaffey	$ 1,719,200
Mary Taylor	$ 65,000
Cyrille Villeneuve	$ 209,480

(1) The aggregate dollar value is the difference between the fair market value of shares of commo based upon an internal valuation model and the per share exercise price of each option, multipl to the unvested option.

Director Compensation

The compensation paid to Messrs. Pickering and Kiepert, the Chairman of our Board of Directors and a Director, respectively, is re Compensation Table as they were paid only as named executive officers in their capacities as Executive Chairman and President and Ch during 2009. We do not compensate our board members with per meeting fees. Our directors are reimbursed for any expenses incurred i

Mr. Burgstahler is a Principal of Avista and does not receive any direct compensation for his service as a Director. We pay Avista a annually pursuant to the Advisory Services and Management Agreement, dated as of January 8, 2008. See "Certain Relationships and Re Advisory and Monitoring Services Agreement."

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PRINCIPAL STOCKHOLDERS

Holdings indirectly owns all of our issued and outstanding capital stock through its direct subsidiary and our direct parent, Lantheus Partners, L.P., Avista Capital Partners (Offshore), L.P. and ACP-Lantern Co-Invest, LLC (together, the "Avista Entities") collectively ow Holdings' issued and outstanding capital stock. Avista Capital Partners GP, LLC ultimately exercises voting and dispositive power over t Partners, L.P., Avista Capital Partners (Offshore), L.P. and ACP-Lantern Co-Invest, LLC. Voting and disposition decisions at Avista Cap to such shares are made by an investment committee, the members of which are Thompson Dean, Steve Webster, David Burgstahler, Da Robert Cabes. In connection with the Acquisition, certain members of management purchased shares of Holdings' common stock equalin issued and outstanding capital stock.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Board of Directors has the responsibility to review and approve all transactions or series of related financial transactions, arrang and any related party if the amount involved exceeds $120,000. We do not otherwise have any policies or procedures for the review, app transactions.

Shareholders Agreements

In connection with the Acquisition, Holdings entered into (i) a Shareholders Agreement with the Avista Entities and Don Kiepert, a January 8, 2008 and subsequently amended on February 26, 2008 (the "Management Shareholders Agreement") and (ii) an Employee Sh Avista Entities and certain employee shareholders named therein, dated as of May 30, 2008 (the "Employee Shareholders Agreement" an Management Shareholders Agreement, the "Shareholders Agreements"). The Shareholders Agreements governs the parties' respective rig respect to the ownership of the Holdings securities. Pursuant to the Shareholders Agreements, Avista has designation rights with respect board of directors and Avista is entitled to majority representation on any committee that the board creates. In addition, the Management shareholders must vote their shares in such a manner that is consistent with the composition of the board designed by the Avista Entities.

Advisory and Monitoring Services Agreement

In connection with the closing of the Acquisition, we entered into an advisory services and monitoring agreement with Avista Capit Holdings"), dated as of January 8, 2007 (the "Advisory Services and Monitoring Agreement"), pursuant to which ACP Lantern Acquisiti merged into us as part of the Acquisition), paid Avista Capital Holdings a one time fee equal to $10 million for the consulting and adviso our subsidiaries and our parent companies, in connection with the Acquisition. In addition, the agreement provides for the payment of an consideration for ongoing advisory services. To the extent of any future transaction entered into by us or our affiliates, Avista Capital Ho fee that is reasonable and customary for the services it provides in connection with such future transaction. In addition, we will pay direc Holdings for, its out-of-pocket expenses in connection with its performance of services under the Advisory Services and Monitoring Agr

Quintiles Master Services Agreement

Effective as of June 30, 2009, we entered into a Master Services Agreement with Quintiles Commercial US, Inc. ("Quintiles") (form provide a contract sales force in connection with the launch and promotion of Ablavar. As of September 30, 2010, we have incurred cost approximately $3.8 million. The Statement of Work under the Master Services Agreement relating to the contract sales force was extend terminate on December 31, 2010. John Pickering, a son of Larry Pickering, our Chairman of the Board, was a Director of Business Deve the term of the agreement. He left Quintiles in June 2010 prior to the Statement of Work extension.

McGladrey Engagement

In March 2010, we engaged RSM McGladrey, Inc. ("McGladrey") (formerly known as Caturano & Company), a tax and financial s us about compliance requirements under the Sarbanes-Oxley Act. As of September 30, 2010, we have incurred costs associated with this $150,000. Dan Gaffey, a son of Robert Gaffey, our Vice President of Finance and Information Technology and Treasurer, is a Vice Presi other relationship with us and will not be working on the engagement in any capacity.

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DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of provisions relating to our indebtedness other than the notes offered hereby.

Revolving Credit Facility

We have a revolving credit facility (the "Revolving Credit Facility") with Bank of Montreal, as administrative agent (in such capaci Harris N.A., as collateral agent, each of the lenders party thereto (in such capacity, the "Lenders") and Lantheus Intermediate and Lanthe in respect thereto.

Under the terms of the Revolving Credit Facility, the Lenders have extended credit to us consisting of a revolving credit facility in a to exceed $42.5 million at any time outstanding. The Revolving Credit Facility includes a subfacility for the issuance of letters of credit (right to request an increase of the Revolving Credit Facility in an aggregate amount of up to $15 million.

The letters of credit and the borrowings under the Revolving Credit Facility are used for working capital and for other general corpo Credit Facility matures on May 10, 2014.

In connection with Revolving Credit Facility, we have entered into several other agreements including, but not limited to, a pledge a and a mortgage.

Interest Rates and Fees

Borrowings under the Revolving Credit Facility bear interest at a rate per year equal to (a) a base rate determined by reference to th announced by the Administrative Agent as its prime commercial rate or similar rate, and (ii) the federal funds rate plus 0.50%, plus the a LIBOR rate plus the applicable margin of 4.00% in the case of LIBOR Rate loans. The LIBOR rate is subject to a minimum or "floor" of subject to a minimum or "floor" of 2.50%.

We paid certain fees to Bank of Montreal and Natixis (each in its capacity as lead arranger), the Administrative Agent and the Lend Revolving Credit Facility. In addition, under the Revolving Credit Facility, we are required to pay a commitment fee on the unused porti which shall accrue at a rate per year 0.75% on the excess, if any, of the total revolving credit commitment over the sum of the average pr outstanding under the Revolving Credit Facility and Letters of Credit, payable quarterly in arrears. We are obligated to pay a fee for each 4% per year of the daily balance of the undrawn amount of all outstanding Letters of Credit, payable in arrears each quarter.

Optional Prepayments

We are permitted to voluntarily prepay the Revolving Credit Facility, in whole or in part, without premium or penalty.

Mandatory Prepayments

There is no requirement to make prepayments of the Revolving Credit Facility.

Guarantee and Security

The Revolving Credit Facility is guaranteed by Lantheus Intermediate and Lantheus Real Estate, and obligations under the Revolvi
the property and assets and all

interests of the loan parties, then owned or thereafter acquired, as provided for under the pledge and security agreement and the mortgage
the Revolving Credit Facility and subject to express limitations contained therein.

Covenants

The Revolving Credit Facility contains a number of affirmative, negative, reporting and financial covenants, in each case subject to
thresholds. The affirmative covenants include, among other things, and subject to certain exceptions, requirements with respect to compl
maintenance of insurance; additional guarantees and security and after acquired property; preservation of existence, keeping records and
covenants restrict or limit, among other things, and subject to certain exceptions, grants of liens; incurrence of additional debt; changes i
transactions with affiliates; mergers with others; assets sales; certain investments and restricted payments; payment of dividends and othe
prepayments of certain debt; capital expenditures; and grants of negative pledges. The reporting covenants include, among other things,
with notice of events of default; delivery of annual and quarterly financial statements; delivery of budgets, forecasts and management rep
respect to material litigation, breaches of material contracts, and termination events under our Employee Plan. The Revolving Credit Fac
maximum net total leverage ratio and a minimum interest coverage ratio limits our total annual capital expenditures. See "Management's
Financial Condition and Results of Operations—Liquidity and Capital Resources—Sources of Liquidity."

Events of Default

The Revolving Credit Facility contains events of default, including, among other things, in each case subject to certain exceptions a
pay principal, interest and other payments when due; any representation or warranty incorrect in any material respect when made; defaul
of any other agreement or security document related to the Revolving Credit Facility beyond the applicable grace period; default in paym
excess of $10 million of principal or interest on any debt other than under the Revolving Credit Facility; commencement by or against us
seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, relief of it or its debt under any law rel
reorganization of relief of debtors, that remains undismissed, or unstayed for a period of 60 days; final payment judgments rendered agai
subsidiaries in excess of $10 million in aggregate principal amount and either (i) an enforcement proceeding shall have been commenced
shall be a period of 45 consecutive days after entry thereof during which a stay of enforcement of such judgment shall not be in effect, o
enforcement of such judgment, such judgment is not bonded in the full amount, unless the amount of such judgment is covered by a vali
thereunder has not been disputed; certain events leading to an Employee Retirement Income Security Act ("ERISA") withdrawal liability
$10 million; and a change of control as defined under the Revolving Credit Facility.

Upon an event of default, the Administrative Agent has the right to declare the loans and other obligations outstanding immediately
Administrative Agent may, after such events of default, require us to make deposits with respect to any outstanding Letters of Credit in a
greatest amount for which such Letter of Credit may be drawn.

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DESCRIPTION OF THE EXCHANGE NOTES

General

The Restricted Notes were issued and the Exchange Notes will be issued under an indenture (the "Indenture"), dated as of May 10, 2
Imaging, Inc., as Issuer, Lantheus MI Intermediate, Inc. ("Parent") and all of the Issuer's direct and indirect wholly-owned Domestic Sub
as Guarantors, and Wilmington Trust FSB, as Trustee (the "Trustee"). The term "notes" refers to the Restricted Notes, the Exchange Not
the Indenture. To the extent provided therein, the Indenture is subject to and governed by the Trust Indenture Act. The terms of the notes
Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The following is a summary of the material terms
Indenture and the registration rights agreement. The following summary does not purport to be a complete description of the notes or suc
detailed provisions of, and qualified in its entirety by reference to, the Indenture and the registration rights agreement. You can find defin
description under the heading "—Certain Definitions." For purposes of this summary, the term "Issuer" refers only to Lantheus Medical I
Subsidiaries.

Brief Description of the Notes and the Guarantees

The Notes

The notes are:

- general senior unsecured obligations of the Issuer;
- *pari passu* in right of payment with any existing and future senior unsecured Indebtedness of the Issuer;
- senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- structurally subordinated to all liabilities and preferred stock of Subsidiaries of the Issuer that are not Guarantors;
- effectively subordinated to the Issuer's existing and future secured Indebtedness, including any Indebtedness under the Cr
  value of the collateral securing such Indebtedness; and
- guaranteed on a senior unsecured basis by each Guarantor.

The Guarantees

The notes are guaranteed by Parent and all wholly-owned Subsidiaries of the Issuer (other than Unrestricted Subsidiaries and Foreig

Each Guarantee is:

- a general senior unsecured obligation of the Guarantor;
- *pari passu* in right of payment with any existing and future senior unsecured Indebtedness of the Guarantor;
- senior in right of payment to any future Subordinated Indebtedness of such Guarantor;
- structurally subordinated to all liabilities and preferred stock of any Subsidiaries of such Guarantor that are not Guarantor

- effectively subordinated to the guarantee of such Guarantor under any existing and future secured Indebtedness, including Agreement, to the extent of the value of the collateral owned by such Guarantor securing such Indebtedness.

As of the date of the Indenture, all of the Issuer's subsidiaries were "Restricted Subsidiaries." However, under the circumstances des "—Certain Covenants—Limitation on Restricted Payments," the Issuer will be permitted to designate certain of its Subsidiaries as "Unre Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture. The Issuer's Unrestricted Subsidiaries wi

Principal, Maturity and Interest

The Issuer issued $250.0 million aggregate principal amount of Restricted Notes. The notes will mature on May 15, 2017. The Issue time to time under the Indenture ("Additional Notes"). Any offering of Additional Notes is subject to the covenants described below und Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." The notes and any Addi under the Indenture are treated as a single class for all purposes under the Indenture. Unless the context requires otherwise, references to Indenture and this "Description of the Exchange Notes" include any Additional Notes that are actually issued. The notes were issued in m and any integral multiple of $1,000 in excess thereof.

Interest on the notes accrue at the rate of 9.750% per annum and are payable semi-annually in arrears on May 15 and November 15, 2010, to Holders of record on the immediately preceding May 1 and November 1. Interest on the notes accrue from the most recent date if no interest has been paid, from the date of issuance of the notes. Interest is computed on the basis of a 360-day year comprised of twel

Payments

Principal of, premium, if any, and interest on the notes will be payable at the office or agency of the Issuer maintained for such purp payment of interest may be made by check mailed to the Holders of the notes at their respective addresses set forth in the register of Hol principal, premium, if any, and interest, if any, with respect to notes represented by one or more global notes registered in the name of or be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise desig office or agency will be the office of the Trustee maintained for such purpose.

Ranking

The Indebtedness evidenced by the notes and the Guarantees are senior Indebtedness of the Issuer or the applicable Guarantor, as th in right of payment with all existing and future senior Indebtedness of the Issuer and the Guarantors, as the case may be. The notes are ef existing and future secured Indebtedness, including any Indebtedness under the Credit Agreement, to the extent of the value of the collat The Indebtedness evidenced by the notes and the Guarantees are senior in right of payment to all future Subordinated Indebtedness of the case may be.

Not all of our Subsidiaries guaranteed the notes. Unless the Subsidiary is a Guarantor, claims of creditors on such Subsidiaries, incl preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiari the Issuer, including the Holders of the notes. The notes, therefore, are

structurally subordinated to holders of Indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of not Guarantors.

Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries circumstances the amount of such additional Indebtedness could be substantial. See "—Certain Covenants—Limitation on Incurrence of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens."

Guarantees

The Issuer's obligations under the notes and the Indenture are jointly and severally guaranteed on a senior unsecured basis (the "Gua including Parent. Not all of our Subsidiaries guaranteed the notes. Unrestricted Subsidiaries and Foreign Subsidiaries will not be Guaran liquidation or reorganization of any of these non-Guarantor Subsidiaries, these non-Guarantor Subsidiaries will pay the holders of their d they will be able to distribute any of their assets to us. For the nine months ended September 30, 2010, our non-Guarantor Subsidiaries ac of our total revenues. In addition, as of September 30, 2010, our non-Guarantor Subsidiaries held approximately 11.1% of our consolidat 5.1% of liabilities (including trade payables), to which the notes and Guarantees would have been structurally subordinated.

As of the date of the Indenture, all of our Subsidiaries were "Restricted Subsidiaries." However, under the circumstances described Certain Covenants—Limitation on Restricted Payments," the Issuer is permitted to designate some of our Subsidiaries as "Unrestricted S designating a Subsidiary as an "Unrestricted Subsidiary" is as follows:

- an Unrestricted Subsidiary will not be subject to any of the restrictive covenants in the Indenture;
- a Subsidiary that has previously been a Guarantor and that is designated an Unrestricted Subsidiary will be released from
- the assets, income, cash flow and other financial results of an Unrestricted Subsidiary will not be consolidated with those calculating compliance with the restrictive covenants contained in the Indenture.

The obligations of each Guarantor under its Guarantee is limited to the maximum amount as will result in the obligations of such Gu constituting a fraudulent conveyance or fraudulent transfer under federal or state law. See "Risk Factors—Federal and state statutes allow circumstances, to avoid guarantees and to require noteholders to return payments received from us or the guarantors."

The Note Guarantee of any Guarantor other than Parent is automatically and unconditionally released upon the occurrence of any of

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of merger Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary of the Issue does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or transaction) the Issuer or a Restricted Subsidiary of the Issuer, if the sale or other disposition does not violate the "Asset S

and the Guarantor ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with t Indenture; or

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the ca Covenant Defeasance" and "—Satisfaction and Discharge," or

(5) if such Guarantee was created pursuant to the provisions set forth in the second paragraph of the covenant described unde upon the release or discharge of the guarantee by such Guarantor of Indebtedness that resulted in the creation of such Gua discharge by or as a result of payment under such guarantee.

Any direct or indirect parent of the Issuer may guarantee the notes on or after the Issue Date, but no value should be assigned to suc will not be subject to the covenants of the Indenture and such guarantee may be released at any time. Upon issuance thereof, the notes wi Parent. Parent will not be subject to the covenants in the Indenture and you should not assign any value to such guarantee.

Mandatory Redemption; Open Market Purchases

Except to the extent that Issuer may be required to offer to purchase the notes as set forth below under "—Repurchase at the Option required to make mandatory redemption or sinking fund payments with respect to the notes. The Issuer may from time to time purchase otherwise.

Optional Redemption

Except as described below, the notes are not redeemable at the Issuer's option until May 15, 2014. From and after May 15, 2014 the whole or in part, upon not less than 30 nor more than 60 days' prior notice by first class mail, postage prepaid, with a copy to the Trustee address of such Holder appearing in the security register at the redemption prices (expressed as percentages of principal amount) set forth interest thereon, if any, to, but not including, the applicable redemption date, subject to the right of Holders of record on the relevant reco the relevant interest payment date, if redeemed during the twelve-month period beginning on May 15, 2014 of each of the years indicated

Year	Percentage
2014	104.875%
2015	102.438%
2016 and thereafter	100.000%

In addition, prior to May 15, 2013, the Issuer may, at its option, redeem up to 35% of the aggregate principal amount of notes issued redemption price equal to 109.750% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but n subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the Offerings of the Issuer or any direct or indirect parent of the Issuer to the extent such net proceeds are contributed to the capital of the Iss the sum of the aggregate principal amount of notes originally issued under the Indenture and any Additional Notes issued under the Inde case excluding notes held by the Issuer and its Subsidiaries) remains outstanding immediately after the occurrence of each such redempti such redemption occurs within 90 days of the date of closing of each such Equity Offering.

At any time prior to May 15, 2014, the Issuer may also redeem all or a part of the notes, upon not less than 30 nor more than 60 day mail to each Holder's registered address, with a copy to the Trustee, at a redemption price equal to 100% of the principal amount of notes Premium as of, and accrued and unpaid interest, if any, to, but not including, the redemption date, subject to the rights of Holders of reco receive interest due on the relevant interest payment date.

The Trustee shall select the notes to be purchased in the manner described under "—Repurchase at the Option of Holders—Selectio

Notice of redemption upon any Equity Offering or in connection with a transaction (or series of related transactions) that constitute Issuer's option and discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offe case may be.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, the Issuer will make an offer to purchase all of the notes pursuant to the offer described below (the "C in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if a of purchase, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment d Change of Control, the Issuer will send notice of such Change of Control Offer by first class mail, with a copy to the Trustee, to each Ho Holder appearing in the security register or otherwise in accordance with the procedures of DTC, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control," and that all notes pro Change of Control Offer will be accepted for payment;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such n Control Payment Date");

(3) any note not properly tendered will remain outstanding and continue to accrue interest, if any;

(4) unless the Issuer defaults in the payment of the Change of Control Payment, all notes accepted for payment pursuant to th cease to accrue interest on, but not including, the Change of Control Payment Date;

(5) Holders electing to have any notes purchased pursuant to a Change of Control Offer will be required to surrender the note Holder to Elect Purchase" on the reverse of the notes completed, to the paying agent specified in the notice at the address close of business on the third Business Day preceding the Change of Control Payment Date;

(6) Holders will be entitled to withdraw their tendered notes and their election to require the Issuer to purchase such notes; *pr* receives, not later than the close of business on the last day of the offer period, a telegram, telex, facsimile transmission or Holder of the notes, the principal amount of notes tendered for purchase, and a statement that such Holder is withdrawing to have such notes purchased;

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(7) if such notice is mailed prior to the occurrence of a Change of Control, stating the Change of Control Offer is conditional of Control; and

(8) that Holders whose notes are being purchased only in part will be issued new notes equal in principal amount to the unpur surrendered, which unpurchased portion must be equal to $2,000 or an integral multiple of $1,000 in excess thereof.

While the notes are in global form and the Issuer makes an offer to purchase all of the notes pursuant to the Change of Control Offe to elect for the purchase of the notes through the facilities of DTC, subject to its rules and regulations.

We will not be required to make a Change of Control Offer following a Change of Control if (1) a third party makes the Change of times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us a tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to the Indenture as Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations t regulations are applicable in connection with the repurchase of the notes pursuant to a Change of Control Offer. To the extent that the pro regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and sh its obligations described in the Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all notes or porti

(3) deliver, or cause to be delivered, to the Trustee for cancellation the notes so accepted together with an Officers' Certificate thereof have been tendered to and purchased by the Issuer.

The paying agent will promptly deliver to each Holder of the notes the Change of Control Payment for each such Holder's notes, an authenticate and deliver to each Holder a new note equal in principal amount to any unpurchased portion of notes surrendered by each su each such new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly a of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Credit Agreement provides (subject to limited exceptions), and future agreements relating to senior Indebtedness to which the I that certain change of control events with respect to the Issuer would constitute a default thereunder. In the event a Change of Control oc prohibited from purchasing the notes, the Issuer could seek the consent of its lenders to permit the purchase of the notes or could attempt contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from purc could result in amounts outstanding under the Credit Agreement being declared due and payable. In such case, the Issuer's failure to purc constitute an Event of Default under the Indenture.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeo incumbent management. The Change of Control purchase feature is a result of negotiations between the initial purchasers of the notes an no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, tha Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital s Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "Certain Covenants—Limitati and Issuance of Disqualified Stock and Preferred Stock" and "Certain Covenants—Liens." Such restrictions in the Indenture can be waiv Holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenants, however, covenants or provisions that may afford Holders of the notes protection in a highly levered transaction.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer to certain Persons. A case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordin may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets unclear as to whether a Change of Control has occurred and whether a Holder of notes may require the Issuer to make an offer to repurch

The existence of a Holder's right to require the Issuer to repurchase such Holder's notes upon the occurrence of a Change of Control seeking to acquire the Issuer in a transaction that would constitute a Change of Control.

The provisions under the Indenture relative to our obligation to make an offer to repurchase the notes as a result of a Change of Con with the written consent of the holders of a majority in principal amount of the notes.

Asset Sales

The Indenture provides that the Issuer will not, and will not permit any Restricted Subsidiary to, cause, make or suffer to exist an As

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Res be, is in the form of cash or Cash Equivalents.

Within 365 days after the Issuer's or a Restricted Subsidiary's receipt of the Net Proceeds of any Asset Sale, the Issuer or such Restr apply the Net Proceeds from such Asset Sale:

(1) to repay any Indebtedness of the Issuer or a Guarantor that is secured by a Lien, which Lien is permitted under the Indentu

(2) to repay any Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or

(3) to make (a) an investment in any one or more businesses; *provided* that such investment in any business is in the form of t results in the Issuer or a Restricted Subsidiary, as the case may be, owning an amount of the Capital Stock of such busines Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets that are not classified as current assets un replace the businesses, properties and assets that are the subject of such Asset Sale), and in the case of each of clauses (a), in a Similar Business; or

(4) to make one or more offers to the Holders of the notes (and, at the option of the Issuer, the holders of Other Pari Passu Ob such Other Pari Passu Obligations) pursuant to and subject to the conditions contained in the following paragraph (each, a

Any Net Proceeds from the Asset Sales that are not invested or applied as provided and within the time period set forth in the imme deemed to constitute "Excess Proceeds." In the case of clause (3) above, a binding commitment shall be treated as a permitted applicatio of such commitment; *provided* that the Issuer, or such other Restricted Subsidiary, enters into such commitment with the good faith expe be applied to satisfy such commitment within 180 days of such binding commitment (an "Acceptable Commitment"); *provided, further,* Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, then such Net P Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $15.0 million, the Issuer shall make one or more Asset Sale O (and, at the option of the Issuer, the holders of Other Pari Passu Obligations) to purchase notes (and such Other Pari Passu Obligations), conditions and procedures contained in the Indenture, in a minimum denomination of $2,000 or an integral multiple of $1,000 in excess t of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid int the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. The Issuer will commence an As Excess Proceeds within 30 days after the date that Excess Proceeds exceeds $15.0 million by mailing the notice required pursuant to the to the Trustee. To the extent that the aggregate amount of notes and such Other Pari Passu Obligations tendered pursuant to an Asset Sal Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the amount of notes or the Other Pari Passu Obligations surrendered by such holders thereof exceeds the amount of Excess Proceeds, the not Obligations will be purchased on a pro rata basis (with such adjustments as needed so that no notes in unauthorized denominations are pu accreted value or principal amount of the notes or such Other Pari Passu Obligations tendered. Upon completion of any such Asset Sale Proceeds shall be reset at zero.

For purposes of this covenant, the following are deemed to be cash or Cash Equivalents:

(1) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent internally available balance sheet or in any Restricted Subsidiary constituting Other Pari Passu Obligations or indebtedness of a non-Guarantor that are assumed on behalf of such transferee) pursuant to a customary novation or other agreement that releases the Issuer and all Restricte liability;

(2) any securities received by the Issuer, a Guarantor or such Restricted Subsidiary from such transferee that are converted by Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the later of the closing of su such securities; and

(3) any Designated Noncash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sale having an a together with all other Designated Noncash Consideration received pursuant to this clause (3) that is at that time outstandi (x) $10.0 million and (y) 2.5% of Total Assets at the time of the receipt of such Designated Noncash Consideration, with of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent change

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Pr Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Ind

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations t regulations are applicable in connection with the repurchase of the notes pursuant to an Asset Sale Offer. To the extent that the provision regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and sh its obligations described in the Indenture by virtue thereof.

Selection and Notice

If less than all of the notes or such Other Pari Passu Obligations are to be redeemed at any time, selection of such notes for redempt compliance with the requirements of the principal national securities exchange, if any, on which such notes are listed, or, if such notes ar unless otherwise required by law or depositary requirements; *provided* that no notes of $2,000 or less shall be purchased or redeemed in

Notices of purchase or redemption shall be mailed by the Issuer by first class mail, postage prepaid, at least 30 but not more than 60 redemption date to each Holder of notes to be purchased or redeemed at such Holder's registered address with a copy to the Trustee. If ar redeemed in part only, any notice of purchase or redemption that relates to such note shall state the portion of the principal amount there purchased or redeemed.

A new note in principal amount equal to the unpurchased or unredeemed portion of any note purchased or redeemed in part will be thereof upon cancellation of the original note. On and after the purchase or redemption date, unless the Issuer defaults in payment of the interest shall cease to accrue on notes or portions thereof purchased or called for redemption.

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Certain Covenants

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on account of the Issuer's or any Restricted Subsidiary's Equity Inter
distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Issuer payable in Equity Interests (other than Disqualified Stock) of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable
series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restri
pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of secu

(2) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indire
connection with any merger or consolidation;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior
sinking fund payment or maturity, any Subordinated Indebtedness, other than (x) the purchase, repurchase or other acquis
purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due w
purchase, repurchase or acquisition and (y) Indebtedness of the Issuer to a Restricted Subsidiary or a Restricted Subsidiary
Subsidiary; or

(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"), u
Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) immediately after giving effect to such transaction on a pro forma basis, the Issuer could incur $1.00 of additional indebte
first paragraph of the covenant described "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its
Issue Date (including Restricted Payments permitted by clauses (1) and (7) of the next succeeding paragraph, but excludi
permitted by the next succeeding paragraph), is less than the sum of:

(1) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the beginn
commencing immediately prior to the Issue Date to the end of the Issuer's most recently ended fiscal quarter for w

are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period
deficit, plus

(2) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property rece Date (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness, Disc pursuant to clause (13)(b) of the second paragraph of "Limitation on Incurrence of Indebtedness and Issuance of D Stock") from the issue or sale of:

(A) Equity Interests of the Issuer and, to the extent actually contributed to the Issuer, Equity Interests of any di excluding cash proceeds and the Fair Market Value of marketable securities or other property received fro members of management, directors or consultants of the Issuer, any direct or indirect parent of the Issuer a Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with c paragraph; or

(B) debt securities or Disqualified Stock of the Issuer or any Restricted Subsidiary that have been converted in Interests of the Issuer or its direct or indirect parents;

provided, however, that this clause (2) shall not include the proceeds from (a) Refunding Capital Stock (as defined below) or exchanged debt securities of the Issuer sold to a Restricted Subsidiary or the Issuer, as the case may be, (c) Disqualifie been converted into or exchanged for Disqualified Stock, (d) Excluded Contributions or (e) Designated Preferred Stock, p

(3) 100% of the aggregate amount of cash and the Fair Market Value of marketable securities or other property contri following the Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to incu or preferred stock pursuant to clause (13)(b) of the second paragraph of "Limitation on Incurrence of Indebtedness and Preferred Stock") (other than by a Restricted Subsidiary and other than any proceeds from Excluded Contribut Stock), plus

(4) 100% of the aggregate amount received in cash and the Fair Market Value of marketable securities or other proper Restricted Subsidiary by means of:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments m Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer an than by the Issuer or a Restricted Subsidiary) and repayments of loans or advances, and any releases of gua Investments by the Issuer and its Restricted Subsidiaries in each case after the Issue Date; or

(B) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestric extent such Investment constituted a Permitted Investment) or a dividend or distribution from an Unrestrict Issue Date; plus

(5) if after the Issue Date an Unrestricted Subsidiary is designated as a Restricted Subsidiary, the Fair Market Value o Unrestricted Subsidiary as of the date of the designation of such Unrestricted Subsidiary as a Restricted Subsidiary Investment constituted a Permitted Investment.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaratio complied with the provisions of the Indenture and the redemption of any Indebtedness that is subordinated in right of payı Guarantees within 60 days after the date on which notice of such redemption was given, if at said date of the giving of suc have complied with the provisions of the Indenture;

(2) any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale (other than to the Issue Equity Interests of the Issuer or of a direct or indirect parent company of the Issuer contributed to the capital of the Issuer Disqualified Stock) ("Refunding Capital Stock");

(3) the defeasance, redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer or a out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Guarantor, as the case may compliance with "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so

(a) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount, plus any Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any p premiums, defeasance costs or other fees and expenses incurred in connection with the issuance of such new Indeb

(b) such new Indebtedness is subordinated to the notes or the applicable Guarantee at least to the same extent as such redeemed, repurchased, acquired or retired,

(c) such new Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date o being so redeemed, repurchased, acquired or retired, and

(d) such new Indebtedness has a Weighted Average Life to Maturity which is not less than the remaining Weighted A Subordinated Indebtedness being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of common Equity I direct or indirect parents held by any future, present or former employee, officer, director or consultant of the Issuer, any o direct or indirect parents (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) p plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement; *provided* Restricted Payments made under this clause (4) in any calendar year may not exceed the sum of (x) $2.0 million and (y) th Payments permitted (but not made) pursuant to this clause (4) in the immediately preceding calendar year; *provided, furth* calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent o Interests of any of the Issuer's direct or indirect parents, in each case to employees, directors, officers or consultant Subsidiaries or any of its direct or indirect parents that occurred after the Issue Date, to the extent the cash proceed

Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the prec

(b) the cash proceeds of key man life insurance policies received by the Issuer and its Restricted Subsidiaries after the

(c) the amount of any Restricted Payments previously made pursuant to clauses (a) and (b) of this clause (4);

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by subclauses (a) and *provided, further* that cancellation of Indebtedness owing to the Issuer or any of its Restricted Subsidiaries from employee of the Issuer, any of its Subsidiaries or its direct or indirect parent companies in connection with a repurchase of Equity In indirect parent company will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any other accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified extent such dividends are included in the definition of Fixed Charges;

(6) repurchases of Equity Interests of the Issuer or any of its direct or indirect parents deemed to occur upon exercise of stock Interests represent a portion of the exercise price of such options or warrants and repurchases of Equity Interests or option deemed to occur in connection with the exercise of stock options to the extent necessary to pay applicable withholding tax

(7) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indi of dividends on such entity's common stock), following the first public offering of the Issuer's common stock or the comm indirect parent companies after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed offering, other than public offerings with respect to the Issuer's or such direct or indirect parent company's common stock than any public sale constituting an Excluded Contribution;

(8) Restricted Payments that are made with Excluded Contributions;

(9) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this $5.0 million;

(10) the declaration and payment of dividends by the Issuer to, or the making of loans to, its direct or indirect parent in amount respective direct or indirect parents to pay:

(a) franchise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(b) federal, foreign, state and local income taxes of a consolidated or combined tax group of which the direct or indire (within 30 days of receipt of such proceeds from the Issuer), to the extent such income taxes are solely attributable Restricted Subsidiaries and not directly payable by the Issuer or the Restricted Subsidiaries; *provided*, that in each in any fiscal year does not exceed the amount that the Issuer and its Restricted

Subsidiaries would be required to pay in respect of federal, foreign, state and local income taxes for such fiscal ye
Subsidiaries required to pay such taxes separately from any parent entity; *provided*, *further*, that, to the extent such
used to pay such taxes within such 30-day period, such unused proceeds shall be promptly returned to the Issuer;

(c) general corporate overhead expenses of any direct or indirect parent of the Issuer, to the extent such expenses are a
operation of the Issuer and the Restricted Subsidiaries;

(d) fees, indemnities and expenses incurred in connection with the issuance and sale of the notes and the use of proce
the Sponsor or its Affiliates pursuant to the management agreement to the extent permitted pursuant to clause (3) o
Transactions with Affiliates";

(e) indemnification obligations of any direct or indirect parent of the Issuer owing to directors, officers, employees or
its charter or by-laws or pursuant to written agreements with such Person, or obligations in respect of director and
premiums therefor);

(f) customary salary, bonus, contributions to pension and 401(k) plans, deferred compensation and other benefits pay
employees of any direct of indirect parent of the Issuer to the extent such amounts are attributable to the ownershi
Subsidiaries (other than pursuant to clause (4) above); and

(g) any amounts required for any direct or indirect parent of the Issuer to pay reasonable fees and expenses, other than
to any equity or debt offering of such parent (whether or not successful);

(11) Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of frac
options or warrants or upon the conversion or exchange of Capital Stock of any such Person;

(12) the purchase by the Issuer of fractional shares arising out of stock dividends, splits or combinations or business combinati

(13) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a conso
substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covena
Consolidation or Sale of All or Substantially All Assets";

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness required pursua
described under the captions "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Opt
provided that there is a concurrent or prior Change of Control Offer or Asset Sale Offer, as applicable, and all notes tende
connection with such Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acc

(15) at any time prior to the date that is the second annual anniversary of the Issue Date, the declaration and payment of a divi
Issuer out of the net cash proceeds of the substantially concurrent sale (other than to the Issuer or a Restricted Subsidiary)
Issuer after the date of the Indenture; *provided*, *however* that (i) at the time of such incurrence of such unsecured debt secu
effect thereto, the Consolidated Annualized Leverage Ratio for the Issuer's

most recently ended two fiscal quarters for which internal financial statements are available immediately preceding the da
would have been no greater than 2.75 to 1.0 and (ii) the aggregate amount of Restricted Payments made pursuant to this c
$150.0 million;

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (9), (14) and (16), no D
have occurred and be continuing or would occur as a consequence thereof.

As of the time of issuance of the notes, all of the Issuer's Subsidiaries were Restricted Subsidiaries. The Issuer will not permit any U
Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any
Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subs
deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such desig
Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under cla
paragraph of this covenant, or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definitio
Unrestricted Subsidiaries are not subject to any of the restrictive covenants set forth in the Indenture.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guara
or indirectly liable, contingently or otherwise (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (i
and the Issuer will not issue any shares of Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of
stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock
Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock or issue shares of preferred stock, if the Fixed Charg
its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immed
such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1.0, deter
(including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified
issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness of the Issuer or any of its Restricted Subsidiaries under Credit Facilities in an aggregate am
exceed $42.5 million;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the notes (including any Guarantee) (other

(3) Existing Indebtedness (other than Indebtedness described in clauses (1) and (2));

(4) Indebtedness (including Capitalized Lease Obligations) incurred, or Disqualified Stock and preferred stock issued, by the
Subsidiaries to finance the purchase, lease or improvement of property (real or personal) or equipment that is used or usef
through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amo
the principal amount of all other Indebtedness, Disqualified Stock and

preferred stock then outstanding and incurred pursuant to this clause (4) and including all Refinancing Indebtedness incur any other Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (4), does not exceed the gr (y) 2.75% of Total Assets as of the date of such incurrence;

(5) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respe guarantees issued in the ordinary course of business, including without limitation letters of credit in respect of workers' co disability or other benefits to employees or former employees or their families or property, casualty or liability insurance Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided*, *however* letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such dra

(6) Indebtedness arising from agreements of the Issuer or any of its Restricted Subsidiaries providing for indemnification, adj similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsi Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose *provided*, *however*, that the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the g proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect value) actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(7) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that, other than in the case of intercompany current liabiliti of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries to finance wo Subsidiaries, any such Indebtedness owing to a non-Guarantor is expressly subordinated in right of payment to the notes; subsequent issuance or transfer of any Equity Interests or any other event which results in any such Restricted Subsidiary Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiar be an incurrence of such Indebtedness not permitted by this clause (7);

(8) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that, other than in the case incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restri working capital needs of the Restricted Subsidiaries, if a Guarantor owes such Indebtedness to a Restricted Subsidiary tha such Indebtedness is expressly subordinated in right of payment to the Guarantee of such Guarantor; *provided*, *further*, tha another Restricted Subsidiary, any subsequent issuance or transfer of any Equity Interests or any other event which results ceasing to be a Restricted Subsidiary, or any other subsequent transfer of any such Indebtedness (except to the Issuer or a be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) shares of preferred stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any any Capital Stock or any other

event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transf
stock (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an issuance of such share
by this clause (9);

(10) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) incurred in the ordinary cours

(11) Indebtedness and other obligations in respect of performance, bid, appeal and surety bonds and completion guarantees and
provided by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business, including, but not limited to
guarantee, surety bond or other Contingent Obligation, in form and substance sufficient to satisfy the requirements set for
state regulations, as applicable, the face amount of which shall be adjusted from time to time in accordance with applicabl
to the decommissioning funding plan for any of the facilities of the Issuer or any of its Restricted Subsidiaries;

(12) Indebtedness of any Guarantor in respect of such Guarantor's Guarantee;

(13) Indebtedness, Disqualified Stock and preferred stock of the Issuer or any of the Guarantors not otherwise permitted hereu
amount or liquidation preference which when aggregated with the principal amount and liquidation preference of all other
and preferred stock then outstanding and incurred pursuant to this clause (13), including all Refinancing Indebtedness incu
any other Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this clause (13), does not at any one tim
(a) $15.0 million and (b) up to 100.0% of the net cash proceeds received by the Issuer since after the Issue Date from the i
the Issuer or cash contributed to the capital of the Issuer (in each case, other than proceeds of Disqualified Stock or sale o
any of its Subsidiaries) to the extent that such net proceeds or cash have not been applied pursuant to clause (4) of the firs
described under "—Limitation on Restricted Payments" or to make other Investments, payments or exchanges pursuant to
covenant "Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specif
definition thereof);

(14) (a) any guarantee by the Issuer or a Guarantor of Indebtedness or other obligations of any of its Restricted Subsidiaries so
Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Indenture, or

(b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer or another Restricted Subsidiary so long as
Indebtedness incurred by the Issuer or such other Restricted Subsidiary is permitted under the terms of the Indenture;

provided, in each case, that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the notes, then the g
pari passu, as applicable, to the same extent as the Indebtedness guaranteed;

(15) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness, Disqualified Stock or preferred stock wh any Indebtedness, Disqualified Stock or preferred stock incurred under the first paragraph of this covenant, clauses (2), (3 clause (15) and clauses (19) and (21) below, including additional Indebtedness, Disqualified Stock or preferred stock incu tender premiums), defeasance costs and fees in connection therewith (the "Refinancing Indebtedness") prior to its respecti that:

(a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedne the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or preferred stock being

(b) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated or *pari passu* in right of payr of the notes, such Refinancing Indebtedness is subordinated or *pari passu* in right of payment to the notes or such extent as the Indebtedness being refinanced or refunded or (ii) Disqualified Stock or preferred stock, such Refinan Disqualified Stock or preferred stock, respectively; and

(c) such Refinancing Indebtedness shall not include

(x) Indebtedness, Disqualified Stock or preferred stock of a non-Guarantor Subsidiary that refinances Indebted preferred stock of the Issuer;

(y) Indebtedness, Disqualified Stock or preferred stock of a non-Guarantor Subsidiary that refinances Indebted preferred stock of a Guarantor; or

(z) Indebtedness, Disqualified Stock or preferred stock of the Issuer or a Restricted Subsidiary that refinances preferred stock of an Unrestricted Subsidiary;

provided, *further* that subclause (a) of this clause (15) will not apply to any refunding or refinancing of Indebtedness unde by a Lien that is permitted to be incurred under the Indenture;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument draw ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of its incurrence;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to a Credit F excess of the stated amount of such letter of credit;

(18) Indebtedness of the Issuer or any of its Restricted Subsidiaries (i) incurred in connection with the financing of insurance p or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(19) Indebtedness of Foreign Subsidiaries in an aggregate principal amount at any time outstanding, pursuant to this clause (19 Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to thi greater of (a) $15.0 million and (b) 10.0% of Total Assets of Foreign Subsidiaries as of the date of such incurrence;

(20) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the Issuer and the

Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary cash management
Restricted Subsidiaries;

(21) Indebtedness, Disqualified Stock or preferred stock of (x) the Issuer or a Guarantor incurred to finance an acquisition or a
Guarantor in connection with any acquisition or (y) Persons that are acquired by the Issuer or any Guarantor or merged in
accordance with the terms of the Indenture; *provided*, that after giving effect to such acquisition or merger, either:

(a) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Cove
sentence of this covenant; or

(b) the Fixed Charge Coverage Ratio is greater than immediately prior to such acquisition or merger; and

(22) cash management obligations and Indebtedness in respect of netting services, employee credit card programs and similar
cash management and deposit accounts.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness, Disqualified Stock or preferre
than one of the categories of permitted Indebtedness, Disqualified Stock or preferred stock described in clauses (1) through (22) above o
to the first paragraph of this covenant, the Issuer, in its sole discretion, may classify or reclassify such item of Indebtedness in any manne
and the Issuer may divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and se
Notwithstanding the foregoing, Indebtedness under the Credit Agreement outstanding on the Issue Date will initially be deemed to have
reliance on the exception provided by clause (1) of the second paragraph of this covenant. Accrual of interest, the accretion of accreted v
the form of additional Indebtedness, Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness, Disqu
purposes of this covenant; *provided*, in each such case (other than with respect to the notes), that the amount of such accrual, accretion o
Charges of the Issuer as accrued.

For purposes of determining compliance with any U.S. Dollar-denominated restriction on the incurrence of Indebtedness, the U.S. D
of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date
the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance
a foreign currency, and such refinancing would cause the applicable U.S. Dollar denominated restriction to be exceeded if calculated at t
in effect on the date of such refinancing, such U.S. Dollar-denominated restriction shall be deemed not to have been exceeded so long as
refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Inde
calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is
refinancing.

The Indenture provides that the Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (
that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor, as the case may be, unless such

Indebtedness is expressly subordinated in right of payment to the notes or such Guarantor's guarantee to the same extent as such Indebted payment to other Indebtedness of the Issuer or such Guarantor as the case may be.

The Indenture does not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unse subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exi that secures obligations under any Indebtedness on any asset now owned or hereafter acquired, except Permitted Liens, unless the notes a applicable, are equally and ratably secured with the obligations so secured and, if such Lien secures subordinated Indebtedness, the notes assets which is senior to such Lien securing such subordinated Indebtedness to the same extent as the notes are senior to such subordinat such time as such obligations are no longer secured by a Lien.

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving corporation), or sell otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other tha assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under t state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the "S

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Indenture an supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists;

(4) immediately after giving pro forma effect to such transaction, as if such transaction had occurred at the beginning of the a

(A) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed forth in the first sentence of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuan Preferred Stock" or

(B) the Fixed Charge Coverage Ratio for the Successor Company and the Restricted Subsidiaries would be equal to or Issuer and the Restricted Subsidiaries immediately prior to such transaction;

(5) if the Successor Company is not the Issuer, each Guarantor, unless it is the other party to the transactions described above second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to

the Indenture and the notes; and

(6) the Issuer shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that such cons such supplemental indentures, if any, comply with the Indenture.

The Successor Company will succeed to, and be substituted for the Issuer under the Indenture and the notes. Notwithstanding the fo

(1) the Issuer or any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets

(2) the Issuer may merge with an Affiliate incorporated solely for the purpose of reincorporating the Issuer in another State o amount of Indebtedness of the Issuer and the Restricted Subsidiaries is not increased thereby.

Subject to certain limitations described in the Indenture governing release of a Guarantee upon the sale, disposition or transfer of a and the Issuer will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not such Guarantor is the s assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions

(1) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other th such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existi States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may "Successor Person");

(2) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Inde Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the T

(3) immediately after such transaction no Default or Event of Default exists;

(4) the Issuer shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that such cons such supplemental indentures, if any, comply with the Indenture; and

(5) the transaction is made in compliance with the covenant described under "—Repurchase at the Option of Holders—Asset

Subject to certain limitations described in the Indenture, the Successor Person will succeed to, and be substituted for, such Guaranto Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may merge into or transfer all or part of its properties and assets to

Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispo to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, ad benefit of, any Affiliate of the Issuer (each of the foregoing, an "Affiliate Transaction") involving aggregate payments or consideration i

(a) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidi

obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(b) the Issuer delivers to the Trustee

(1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments c
$10.0 million, a resolution adopted by the majority of the disinterested members of the Board of Directors approvi
set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments c
$20.0 million, an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Affiliate Transactio
issued by an Independent Financial Advisor.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer and/or any of the Restricted Subsidiaries;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "—Limitation on R
Investments;

(3) the payment of management, consulting, monitoring and advisory fees and related expenses to Sponsor and its Affiliates p
agreement, as in effect on the Issue Date and the termination fees pursuant to the management agreement, or any amendm
amendment is not materially adverse in the good faith judgment of the Issuer to the Holders, when taken as a whole;

(4) the payment of reasonable and customary fees paid to, and indemnities (including the advancement of legal expenses) pro
directors, employees or consultants of the Issuer, any of its direct or indirect parents or any Restricted Subsidiary;

(5) payments or loans (or cancellation of loans) to employees or consultants of the Issuer, any of its direct or indirect parents
are made in the ordinary course of business and approved by a majority of the Board of Directors of the Issuer in good fai

(6) any agreement (other than the management agreement) as in effect as of the Issue Date, or any amendment thereto (so lon
a whole, is not materially less favorable to the Issuer and its Restricted Subsidiaries than the agreement in effect on the da
by the Board of Directors of the Issuer in good faith));

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of
(including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Da
which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any Restri
under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue D
clause (7) to the extent that the terms of any such amendment or new agreement, taken as a whole, is not materially less fa
Restricted Subsidiaries than the agreement in effect on the date of the Indenture (as determined by the Board of Directors

(8) transactions with customers, clients, suppliers, purchasers or sellers of goods or services that are Affiliates, in each case in
and otherwise in compliance with the terms of the Indenture which are fair to the Issuer and the Restricted Subsidiaries, in
the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as would reaso

obtained at such time from an unaffiliated party (as determined by the Board of Directors of the Issuer in good faith);

(9) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Affiliate of the Issuer;

(10) transactions or payments pursuant to any employee, officer or director compensation or benefit plans, employment agreen indemnification agreements or any similar arrangements entered into in the ordinary course of business or approved in go of the Issuer;

(11) transactions in the ordinary course of business with (i) Unrestricted Subsidiaries or (ii) joint ventures in which the Issuer o or acquires an ownership interest (whether by way of Capital Stock or otherwise) so long as the terms of any such transac Issuer or Subsidiary participating in such joint ventures than they are to other joint venture partners;

(12) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an I stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the r preceding paragraph;

(13) investments by the Sponsor or any of its Related Parties in securities of the Issuer or any of its Restricted Subsidiaries (an pocket expenses incurred by such investors in connection therewith) so long as the investment is being offered generally t more favorable terms;

(14) any tax sharing agreement or arrangement and payments pursuant thereto among the Issuer, its direct or indirect parents a Person with which the Issuer or its Subsidiaries is required or permitted to file a consolidated, combined or unitary tax ret of its Restricted Subsidiaries is or could be part of a consolidated, combined or unitary group for tax purposes; *provided* th payments in any fiscal year does not exceed the amount that the Issuer, its Restricted Subsidiaries and its Unrestricted Sub received from Unrestricted Subsidiaries) would be required to pay in respect of foreign, federal, state and local taxes for s its Restricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity;

(15) licenses of, or other grants of rights to use, intellectual property granted by the Issuer or any Restricted Subsidiary in the o

(16) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely beca through a Restricted Subsidiary, an Equity Interest in, or controls, such Person.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exi consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(a) (1) pay dividends or make any other distributions to the Issuer or any Restricted Subsidiary on its Capital Stock or with participation in, or measured by, its profits, or

(2) pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(b) make loans or advances to the Issuer or any Restricted Subsidiary; or

(c) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect on the Issue Date, including, without limitation, pursuant to the Credit A documentation;

(2) the Indenture and the notes;

(3) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature the property so acquired;

(4) applicable law or any applicable rule, regulation or order;

(5) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of or the property or assets of the Person, so acquired;

(6) contracts for the sale of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary that impo sold;

(7) secured Indebtedness otherwise permitted to be incurred pursuant to the covenants described under "—Limitation on Incu Issuance of Disqualified Stock and Preferred Stock" and "—Liens" that limit the right of the debtor to dispose of the asset

(8) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary cours

(9) customary provisions in joint venture agreements and other similar agreements relating solely to such joint venture;

(10) customary provisions contained in leases, licenses or similar agreements, including with respect to intellectual property ar the ordinary course of business;

(11) any such encumbrance or restriction pursuant to an agreement governing Indebtedness incurred pursuant to clause (1) of t covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred S restrictions are, in the good faith judgment of the Issuer's Board of Directors, no more restrictive, taken as a whole, than a restrictions pursuant to the Credit Agreement on the Issue Date;

(12) other Indebtedness, Disqualified Stock or preferred stock of Foreign Subsidiaries permitted to be incurred subsequent to t

provisions of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Sto
impose restrictions solely on the Foreign Subsidiaries party thereto; and

(13) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) above imposed by any amendments, mo increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements faith judgment of the Issuer's Board of Directors, no more restrictive, taken as a whole, with respect to such encumbrance prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing

Additional Note Guarantees

If the Issuer or any of its Restricted Subsidiaries acquires or creates another Wholly-Owned Domestic Subsidiary after the date of th acquired or created Wholly-Owned Domestic Subsidiary will become a Guarantor and execute a supplemental indenture within 30 days or created.

The Issuer will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee or pledge any assets to secure the pa the Issuer or any other Guarantor unless such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture provi payment of the notes by such Restricted Subsidiary; *provided*, that if the Indebtedness being guaranteed is subordinated to or *pari passu* of such other Indebtedness must be subordinated or *pari passu*, as applicable to the same extent as the Indebtedness guaranteed.

Business Activities

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Similar Businesses, e be material to the Issuer and its Restricted Subsidiaries taken as a whole.

Reports and Other Information

Whether or not required by the rules and regulations of the Commission, so long as any notes are outstanding, the Issuer will furnish Trustee to furnish to the Holders (or file with the Commission for public availability), within the time periods specified in the Commissio

(1) all quarterly and annual reports that would be required to be filed with the Commission on Forms 10-Q and 10-K if the Iss reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with only, a report thereon by the Issuer' certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Issuer were required to file

Notwithstanding the foregoing, prior to the effectiveness of the exchange offer registration statement or a shelf registration statemen rights agreement, (i) such requirements, with regard to the applicable periods, shall be deemed satisfied by the filing with the Commissio statement or a shelf registration statement, and any amendments thereto, with such financial and other information that satisfies Regulati subject to exceptions consistent with the presentation of financial information in this prospectus, and the information requirements of this and in

accordance with the other provisions of the registration rights agreement, and (ii) such requirements with respect to quarterly and annual applicable periods, shall be deemed satisfied by furnishing to the Holders within 15 days of the date the Issuer would have been required with the Commission, the financial information (including a "Management's Discussion and Analysis of Financial Condition and Results be required to be included in such reports (and with respect to the annual information only, a report thereon by the Issuer's certified indep exceptions consistent with the presentation of financial information in this prospectus and excluding, for the avoidance of doubt, any cert and 906 of the Sarbanes-Oxley Act.

Except as provided in the immediately preceding paragraph, all such reports will be prepared in all material respects in accordance w applicable to such reports. In addition, following the consummation of the exchange offer contemplated by the registration rights agreem each of the reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified i applicable to such reports (unless the Commission will not accept such a filing) and will post the reports on its website within those time comply with TIA §314(a).

If, at any time after consummation of the exchange offer contemplated by the registration rights agreement, the Issuer is no longer s requirements of the Exchange Act for any reason, the Issuer will nevertheless continue filing the reports specified in the preceding parag Commission within the time periods specified above unless the Commission will not accept such a filing. The Issuer will not take any ac Commission not to accept any such filings. If, notwithstanding the foregoing, the Commission will not accept the Issuer's filings for any reports referred to in the preceding paragraphs on its website within the time periods that would apply if the Issuer were required to file t

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information r paragraphs will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Issuer and its Restri financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer. Notwithstanding the foregoing, (a) so long as parent holding company of the Issuer, is a Guarantor of the notes, the reports, information and other documents required to be filed and p may, at the Issuer's option, be filed by and be those of Parent or such other direct or indirect parent holding company of the Issuer rather that Parent or such other direct or indirect parent holding company of the Issuer conducts any business or holds any significant assets oth Issuer at the time of filing and providing any such report, information or other document containing financial statements of Parent or suc holding company of the Issuer, Parent or such other direct or indirect parent holding company of the Issuer shall include in such report, i summarized financial information (as defined in Rule 1-02(bb) of Regulation S-X promulgated by the Commission) with respect to the I

In addition, the Issuer and the Guarantors agree that, for so long as any notes remain outstanding, if at any time they are not required reports required by the preceding paragraphs, they will furnish to the Holders of notes and to securities analysts and prospective investors information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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Events of Default and Remedies

The following events constitute "Events of Default" under the Indenture:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any Indenture;

(2) default for 30 days or more in the payment when due of interest on or with respect to the notes issued under the Indenture

(3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of at l notes then outstanding and issued under the Indenture to comply with any of its other agreements in the Indenture or the n

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced borrowed by the Issuer or any Restricted Subsidiary or the payment of which is guaranteed by the Issuer or any Restricted Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is creat both:

(a) such default either:

(i) results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving ef periods); or

(ii) relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated fina or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in d stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so acce or more at any one time outstanding;

(5) failure by the Issuer or any Significant Subsidiary to pay final judgments aggregating in excess of $10.0 million, which fi undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such juc enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed

(6) certain events of bankruptcy or insolvency with respect to the Issuer or any Significant Subsidiary; or

(7) the Guarantee of any Significant Subsidiary shall for any reason cease to be in full force and effect or be declared null and any Guarantor that is a Significant Subsidiary, as the case may be, denies that it has any further liability under its Guarant other than by reason of the termination of the related Indenture or the release of any such Guarantee in accordance with th

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Indenture, the Trustee

principal amount of the then outstanding notes issued under the Indenture may declare the principal, premium, if any, and interest and an
the then outstanding notes issued under the Indenture to be due and payable immediately.

Upon the effectiveness of such declaration, such principal and interest will be due and payable immediately. Notwithstanding the fo
Default arising under clause (6) of the first paragraph of this section, all outstanding notes will become due and payable without further a
enforce the Indenture or the notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal ar
issued under the Indenture may direct the Trustee in its exercise of any trust or power. The Indenture provides that the Trustee may withh
continuing Default or Event of Default, except a Default or Event of Default relating to the payment of principal, premium, if any, or inte
withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the notes if the Trustee reasonably de
the best interest of the Holders of such notes.

The Indenture provides that the Holders of a majority in aggregate principal amount of the then outstanding notes issued thereunder
behalf of the Holders of all of such notes waive any existing Default or Event of Default and its consequences under the Indenture excep
Default in the payment of interest on, premium, if any, or the principal of any such note held by a non-consenting Holder. In the event of
clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of t
be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Even

(x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;

(y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Eve

(z) the default that is the basis for such Event of Default has been cured.

The Indenture provides that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Inden
within five Business Days, upon becoming aware of any Default or Event of Default or any default under any document, instrument or a
of the Issuer or any Guarantor, to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor or any of their parent companies shall hav
of the Issuer or the Guarantors under the notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of s
Each Holder by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance o
be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Indenture will terminate (other than certain obligations) and will be relea
the notes issued under the Indenture. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with resp
Indenture and have each Guarantor's obligation discharged

with respect to its Guarantee ("Legal Defeasance") and cure all then existing Events of Default except for:

(1) the rights of Holders of notes issued under the Indenture to receive payments in respect of the principal of, premium, if an such payments are due solely out of the trust created pursuant to the Indenture,

(2) the Issuer's obligations with respect to notes issued under the Indenture concerning issuing temporary notes, registration o lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith, and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with resp described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a D respect to the notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and i Issuer) described under "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the notes issued under the Indenture:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. Dollars, Governm thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accoun premium, if any, and interest due on the notes issued under the Indenture on the stated maturity date or on the redemption principal, premium, if any, or interest on the notes;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United States (acceptable to the Trustee) confirming that, subject to customary assumptions and exclusions,

(a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling o

(b) since the issuance of the notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such opinion of counsel in the United States shall confirm that, subject to custo the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasanc

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United Stat acceptable to the Trustee) confirming that, subject to customary assumptions and exclusions, the Holders will not recogni federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the

the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or the g therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under th material agreement or instrument (other than the Indenture) to which, the Issuer or any Guarantor is a party or by which th (other than that resulting from borrowing funds to be applied to make such deposit and the granting of Liens in connectio

(6) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer wi hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(7) the Issuer shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel in the United States (which to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal D Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when either:

(a) all such notes theretofore authenticated and delivered, except lost stolen or destroyed notes which have been replaced or p money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(b) (1) all such notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the or otherwise or will become due and payable within one year or are to be called for redemption within one year under arra Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and the Issuer deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of in entire indebtedness on such notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, a maturity or redemption;

(2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit connection therewith) with respect to the Indenture or the notes issued thereunder shall have occurred and be conti or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than an ins contemporaneously with or prior to the borrowing of funds to be applied to make such deposit and the granting of

(3) the Issuer has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money to maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an opinion of counsel to the Trustee stating that all conditions precedent have been satisfied.

Paying Agent and Registrar for the Notes

The initial paying agent for the notes is the Trustee. The initial registrar is the Trustee. The registrar maintains a register reflecting o from time to time and will make payments on and facilitate transfer of notes on behalf of the Issuer.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any Restricted Subsidiar registrar.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the Indenture. The registrar and the Trustee may require a Holder, amo appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or perm not required to transfer or exchange any note selected for redemption. Also, the Issuer is not required to transfer or exchange any note fo selection of notes to be redeemed.

The registered Holder of a note will be treated as the owner of the note for all purposes.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any related Guarantee and the notes issued thereunder may the consent of the Holders of at least a majority in principal amount of the notes then outstanding and issued under the Indenture, includi obtained in connection with a purchase of, or tender offer or exchange offer for, notes, and any existing Default or Event of Default or co Indenture or the notes issued thereunder may be waived with the consent of the Holders of a majority in principal amount of the then out Indenture, other than notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase o for notes).

The Indenture provides that, without the consent of each Holder affected, an amendment or waiver may not, with respect to any note held by a non-consenting Holder:

(1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver,

(2) reduce the principal of or change the fixed maturity of any such note or alter or waive the provisions with respect to the re provisions relating to the covenants described above under the caption "—Certain Covenants—Repurchase at the Option

(3) reduce the rate of or change the time for payment of interest on any note,

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the notes issued unde
of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a

waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in th cannot be amended or modified without the consent of all Holders,

(5) make any note payable in money other than that stated in the notes,

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive premium, if any, or interest on the notes,

(7) make any change in these amendment and waiver provisions,

(8) impair the right of any Holder to receive payment of principal of, or interest on such Holder's notes on or after the due dat the enforcement of any payment on or with respect to such Holder's notes,

(9) except as expressly permitted by the Indenture, modify the Guarantees of any Significant Subsidiary in any manner adver

(10) make any change to or modify the ranking of the notes that would adversely affect the Holders.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, any Guarantor (with respect to a Guarantee or the Ind the Trustee may amend or supplement the Indenture, any Guarantee, or the notes:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to comply with the covenant relating to mergers, consolidations and sales of assets;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect th such Holder;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer;

(7) to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the

(8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the re

(9) to provide for the issuance of exchange notes or private exchange notes, which are identical to exchange notes except that

(10) to add or release a Guarantor under the Indenture in accordance with the terms of the Indenture;

(11) to conform the text of the Indenture, Guarantees or the notes to any provision of this "Description of the Exchange Notes" this "Description of the Exchange Notes" was intended (as evidenced by an officers' certificate of the Issuer delivered to t recitation of a provision of the Indenture, the Guarantees, or the notes;

(12) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the date

(13) to make any changes with respect to the rights or obligations of the Trustee or other provisions relating to the Trustee that of any Holder in any material respect; or

(14) to make any amendment to the provisions of the Indenture relating to the transfer and legending of notes as permitted by t limitation to facilitate the issuance and administration of the notes; provided, however, that (i) compliance with the Indent in the notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment d affect the rights of the Holders to transfer the notes.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is suf substance of the proposed amendment.

Notices

Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class ma given five calendar days after mailing.

Concerning the Trustee

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment o realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in othe acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or re

The Indenture provides that the Holders of a majority in principal amount of the outstanding notes issued thereunder will have the ri place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture prov Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a pru own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the notes and the Guarantees are governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such te capitalized terms used herein for which no definition is provided. For purposes of the Indenture, unless otherwise specifically indicated, t respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unre Unrestricted Subsidiary were not an Affiliate of such Person.

"Acquired Indebtedness" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Sub including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person mergin Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indir specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction o such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Annualized EBITDA" means, with respect to any Person, the product of (x) the EBITDA of such Person from the most recently en internal financial statements are available, times (y) two.

"Applicable Premium" means, with respect to any note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of the note on such Redemption Date; or

(2) the excess (if any) of:

(a) the present value at such Redemption Date of (i) the redemption price of the note at May 15, 2014 (such redemptio appearing above under the caption "—Optional Redemption"), *plus* (ii) all required interest payments due on the n (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate equal to the Treas Date plus 50 basis points; over

(b) the principal amount of the note on such Redemption Date, if greater.

"Asset Sale" means

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of pro of a sale and leaseback) of the Issuer or any Restricted Subsidiary (each referred to in this definition as a "disposition"), o

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary, whether in a single transaction or a series of related t stock of Restricted Subsidiaries issued in compliance with the covenant described under "—Certain Covenants—Limitatio and Issuance of Disqualified Stock and Preferred Stock"), in each case, other than:

(a) a disposition of Cash Equivalents, Investment Grade Securities or obsolete, damaged or worn out equipment or oth the ordinary course of business or a disposition of inventory or goods held for sale in the ordinary course of busine

(b) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions
Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a
Indenture;

(c) the making of any Restricted Payment or Permitted Investment that is permitted to be made under, and is made in described above under "—Certain Covenants—Limitation on Restricted Payments;"

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or s aggregate Fair Market Value of less than $5.0 million;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issu Restricted Subsidiary;

(f) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (e in a Similar Business;

(g) the lease, assignment, sub-lease or license of any real or personal property in the ordinary course of business;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) foreclosures, condemnation or any similar action on assets;

(j) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claim of a ordinary course of business;

(k) the creation of a Lien in accordance with the Indenture;

(l) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after limitation, sale leasebacks and asset securitizations permitted by the Indenture;

(m) dispositions of Investments or receivables in connection with the compromise, settlement or collection thereof in t bankruptcy or similar proceedings;

(n) the sale of Permitted Investments (other than sales of Equity Interests of any of the Issuer's Restricted Subsidiaries Restricted Subsidiary after the Issue Date, if such Permitted Investments were (a) received in exchange for, or pur of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (othe (b) received in the form of, or were purchased from the proceeds of, a substantially concurrent contribution of com

(o) the sale or discount of inventory, accounts receivable or notes receivable in the ordinary course of business or the to notes receivable;

(p) the abandonment of intellectual property rights in the ordinary course of business, which in the good faith determi to the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole; and

(q) the licensing or sub-licensing of intellectual property or other general intangibles in the ordinary course of busines

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or a by law, regulation or executive order to remain closed. If a payment date is a legal holiday at a place of payment, payment may be made day that is not a legal holiday, and no interest shall accrue on such payment for the intervening period.

"Capital Stock" means

(1) in the case of a corporation, corporate stock,

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (hov stock,

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited),

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distrib Person.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAA

"Cash Equivalents" means

(1) United States dollars,

(2) pounds sterling,

(3) (a) euro, or any national currency of any participating member state in the European Union,

(b) Canadian dollars,

(c) Japanese Yen, or

(d) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them from time business,

(4) securities issued or directly and fully and unconditionally guaranteed or insured by the United States government or any a the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government, with matur date of acquisition,

(5) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acqu maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and $250.0 million,

(6) repurchase obligations for underlying securities of the types described in clauses (4) and (5) entered into with any financia qualifications specified in clause (5) above,

(7) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P and in each case maturing within 12 months after

(8) investment funds investing 90% of their assets in securities of the types described in clauses (1) through (7) above,

(9) readily marketable direct obligations issued by any state of the United States of America or any political subdivision there rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition

(10) Indebtedness or preferred stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody less from the date of acquisition; and

(11) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, direct obligations of the sovereign nation (or any age Subsidiary is organized and is conducting business or in obligations fully and unconditionally guaranteed by such soverei

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clau that such amounts are converted into any currency listed in clauses (1) through (3) as promptly as practicable and in any event within ten receipt of such amounts.

"Change of Control" means:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any that term is used in Section 13(d)(3) of the Exchange Act)) other than any Permitted Holder;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is th other than any Permitted Holder, in the aggregate, beneficially owns (as defined in Rules 13d-3 and 13d-5 under the Exch Voting Stock of the Issuer, measured by voting power rather than number of shares; *provided* that this clause (2) will not Issuer by one or more direct or indirect holding companies with no other material assets or operations, the Voting Stock o immediately after such acquisition, by the Persons who beneficially owned the Voting Stock of the Issuer immediately pri substantially the same proportions);

(3) the Issuer shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the stockholders of the Iss

(4) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors.

"Commission" means the Securities and Exchange Commission.

"Consolidated Annualized Leverage Ratio" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness Subsidiaries, less the amount of any cash and Cash Equivalents in excess of restricted cash that would be stated on the balance sheet of th Subsidiaries as of such date of determination to (2) the Issuer's Annualized EBITDA, in each case with such pro forma adjustments to Co Annualized EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charg

"Consolidated Depreciation and Amortization Expense" means with respect to any Person for any period, the total amount of depre including any amortization of deferred financing fees and amortization in relation to terminated Hedging Obligations, of such Person and period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum, without duplication, of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense wa Consolidated Net Income (including amortization of original issue discount resulting from the issuance of Indebtedness (

the notes) at less than par, non-cash interest payments (but excluding any non-cash interest expense attributable to the mo valuation of Hedging Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Acco 815), the interest component of Capitalized Lease Obligations, all commissions, discounts and other fees and charges ow and bankers acceptances and net payments, if any, pursuant to interest rate Hedging Obligations, and excluding amortizati any interest and penalties on tax reserves to the extent such Person has elected to treat such interest as interest expense un Board Accounting Standards Codification 740-10), *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, *l*

(3) interest income of such Person and its Restricted Subsidiaries for such period.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income, of such Person and i period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided*, *however*, that:

(1) any net after-tax extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or exp limitation, relating to the transactions described in the prospectus, severance, relocation, new product introductions) shall

(2) the cumulative effect of a change in accounting principles during such period shall be excluded;

(3) any net after-tax income or loss from disposed or discontinued operations and any net after-tax gains or losses on disposal operations shall be excluded;

(4) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in determined in good faith by the Board of Directors of the Issuer, shall be excluded;

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounte accounting, shall be excluded; *provided* that Consolidated Net Income of the Issuer shall be increased by the amount of di payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidi period;

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(1) of the first paragra Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarant that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operati agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Sub such restriction with respect to the payment of dividends or in similar distributions has been legally waived; *provided* that Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to th Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(7) the effects of adjustments resulting from the application of purchase accounting (including the effects of such adjustments its Restricted Subsidiaries) in relation to any acquisition that is consummated after the Issue Date, net of taxes, shall be ex

(8) any net after-tax income or loss from the early extinguishment of Indebtedness or Hedging Obligations or other derivative

(9) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined excluded;

(10) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuan intangibles arising pursuant to GAAP shall be excluded; and

(11) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options or other ri employees shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Limitation on Restricted Pa (4) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted In the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and the Restricted Subsidiaries, a advances which constitute Restricted Investments by the Issuer or any Restricted Subsidiary, any sale of the stock of an Unrestricted Sub dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments perm to clause (c)(4) thereof.

"Consolidated Secured Debt Ratio" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness of the I Subsidiaries that is secured by Liens on assets of the Issuer and its Restricted Securities less the amount of any cash and Cash Equivalent would be stated on the balance sheet of the Issuer and its Restricted Subsidiaries as of such date of determination, to (2) the Issuer's EBIT with such pro forma adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the pro forma a the definition of Fixed Charge Coverage Ratio.

"Consolidated Total Indebtedness" means, as at any date of determination, an amount equal to the sum of the aggregate amount of a Issuer and its Restricted Subsidiaries on a consolidated basis and the aggregate amount of all outstanding Disqualified Stock of the Issue Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and preferred stock equal to the greater of th involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance the "maximum fixed repurchase price" of any Disqualified Stock or preferred stock that does not have a fixed repurchase price shall be c terms of such Disqualified Stock or preferred stock as if such Disqualified Stock or preferred stock were purchased on any date on which shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of suc stock, such fair market value shall be determined reasonably and in good faith by the Issuer.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or ot constitute Indebtedness ("primary

obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds

(a) for the purchase or payment of any such primary obligation or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solve

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation obligor to make payment of such primary obligation against loss in respect thereof.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Issuer who:

(1) was a member of such Board of Directors on the date of the Indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of the Sponsor or a majority of the Co members of such Board of Directors at the time of such nomination or election.

"Credit Agreement" means the senior secured revolving credit facility executed in connection with the initial offering of the Restric prospectus.

"Credit Facilities" means, one or more debt facilities (including, without limitation, the Credit Agreement) or other financing arrang limitation, commercial paper facilities, receivables facilities or indentures) providing for revolving credit loans, term loans, receivables f of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credi including any notes, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after ter (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Designated Noncash Consideration" means the Fair Market Value of noncash consideration received by the Issuer or a Restricted S Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officers' Certificate, setting forth the basis of such president or the principal financial officer of the Issuer, less the amount of cash or Cash Equivalents received in connection with a subse Noncash Consideration.

"Designated Preferred Stock" means preferred stock of the Issuer, any of its Restricted Subsidiaries or any direct or indirect parent

other than Disqualified Stock) that is issued for cash (other than to the Issuer or any of its Restricted Subsidiaries or an employee stock o
by the Issuer or its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officers' Certificate executed by the
Issuer, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (c) of the first paragr
Limitation on Restricted Payments" covenant.

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any
convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable or is re
holder thereof, in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the notes and the date the
provided, however, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any
Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries
statutory or regulatory obligations; *provided, further,* that any Capital Stock that would constitute Disqualified Stock solely because the h
the right to require the Issuer to repurchase such Capital Stock in the event of a change of control or asset sale will not constitute Disqual
Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repur
under the terms of the Indenture.

"Domestic Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary

"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period *plus* (wit

(1) provision for taxes based on income or profits, plus franchise or similar taxes, of such Person for such period deducted in
Income; *plus*

(2) Consolidated Interest Expense (and other components of Fixed Charges to the extent changes in GAAP after the Issue Da
reducing Consolidated Net Income) of such Person for such period to the extent the same was deducted in calculating such

(3) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent such depreciation and a
computing Consolidated Net Income; *plus*

(4) any expenses or charges related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or
incurred by the Indenture (whether or not successful), including such fees, expenses or charges related to the offering of th
and any amendment or other modification of the notes or the Credit Agreement, and deducted in computing Consolidated

(5) the amount of any restructuring charges, integration costs or other business optimization expenses and reserves deducted i
Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date; *plus*

(6) any other non-cash charges, including any write offs or write downs of assets, reducing Consolidated Net Income for such
that represents an accrual or reserve for a cash expenditure for a future period; *plus*

(7) the amount of any non-controlling interest expense deducted in calculating Consolidated Net Income (less the amount of a
holders of such minority interests); *plus*

(8) the amount of management, monitoring, consulting and advisory fees and related expenses paid to Sponsor or any of its A
permitted under "—Certain Covenants—Transactions with Affiliates" and deducted (and not added back) in such period i
Income; *plus*

(9) any net loss from disposed or discontinued operations, to the extent deducted in Company Consolidated Net Income; *less*

(10) (a) non-cash items increasing Consolidated Net Income of such Person for such period, excluding any items which repres cash reserve for, potential cash charges that reduced EBITDA in any prior period, (b) any net income from disposed or dis included in computing Consolidated Net Income and (c) the amount of any non-controlling interest income included in ca (less the amount of any cash dividends received by the Issuer or any of its Restricted Subsidiaries on such minority interes

"EMU" means economic and monetary union as contemplated in the Treaty on European Union.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt sec exchangeable for, Capital Stock.

"Equity Offering" means any public or private sale of common stock or preferred stock of the Issuer or any of its direct or indirect p Stock), other than

(1) public offerings with respect to the Issuer's or any direct or indirect parent's common stock registered on Form S-8;

(2) any such public or private sale that constitutes an Excluded Contribution; and

(3) any sales to the Issuer or any of its Subsidiaries.

"euro" means the single currency of participating member states of the EMU.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulg

"Excluded Contribution" means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other mana agreement of the Issuer) of Capital Stock (other than Disqualified Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officers' Certificate executed by a senior vice president or the principa the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the c the first paragraph under "—Certain Covenants—Limitation on Restricted Payments."

"Existing Indebtedness" means Indebtedness of the Issuer or any of its Restricted Subsidiaries in existence on the Issue Date, plus in amounts are repaid.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not invol party, determined in good faith by the chief financial officer of the Issuer or the Restricted Subsidiary with respect to valuations not in ex determined in good faith by the Board of Directors of the Issuer or the Restricted Subsidiary with respect to valuations equal to or in exc which determination will be conclusive (unless otherwise provided in the Indenture).

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such peri Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees or redeems, retires or

extinguishes any Indebtedness (other than reductions in amounts outstanding under revolving facilities unless accompanied by a corresp
or issues or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Co
but prior to or simultaneous with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"
Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption, retirement or extinguishment
redemption of Disqualified Stock or preferred stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, consolidations and disc
in accordance with GAAP) that have been made (or committed to be made pursuant to a definitive agreement) by the Issuer or any Restr
quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date shall be ca
assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and discontinued operations (and the change in an
obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the
Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the be
made any Investment, acquisition, disposition, merger, consolidation or discontinued operation that would have required adjustment purs
Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, dispo
disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in
financial or accounting officer of the Issuer (including pro forma expense and cost reductions, regardless of whether these cost savings c
financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the Co

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be ca
the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such In
Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting
of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to
under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebted
Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurren
rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issu

"Fixed Charges" means, with respect to any Person for any period, the sum of

(1) Consolidated Interest Expense,

(2) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock or any Refundin
and

(3) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock.

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"Foreign Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing u any state thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States which are in effect on the Issue Date.

"Government Securities" means securities that are

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of Ame is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued (a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interes Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of busines (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness o

"Guarantee" means the guarantee by any Guarantor of the Issuer's Indenture Obligations.

"Guarantors" means Parent and any Subsidiary of Parent that executes a Note Guarantee in accordance with the provisions of the In successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under

(1) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agree interest rate or commodity collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates

"Holder" means a holder of the notes.

"Indebtedness" means, with respect to any Person,

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent

(a) in respect of borrowed money,

(b) evidenced by bonds, notes, debentures or similar instruments,

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease O
balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the

ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balanc
accordance with GAAP,

(d) letters of credit or bankers' acceptances (or without double counting, reimbursement agreements in respect thereof
respect to letters of credit securing obligations (other than obligations described in (1) (a) or (b) or (2) above) enter
business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon,
than the tenth Business Day following receipt by such Person or a demand for reimbursement), or

(e) representing any Hedging Obligations,

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as
(excluding the footnotes thereto) of such Person prepared in accordance with GAAP,

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or othe
another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business, and

(3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Perso
is assumed by such Person.

For the avoidance of doubt, (a) customer advances made in the ordinary course of business and (b) obligations that constitute Conti
with the definition thereof shall not constitute "Indebtedness" of any Person.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Simi
recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"Investment Grade Securities" means marketable securities of a Person (other than the Issuer or its Restricted Subsidiaries, an Affili
any Restricted Subsidiary), acquired by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business that are rated, at
the equivalent) or higher by S&P and Baa3 (or the equivalent) or higher by Moody's.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form
advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, deposits, commission, travel, movi
officers, directors and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration
or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding
same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other prop
of "Unrestricted Subsidiary" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments,"

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market
Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however,* that
Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unre
(if positive) equal to

(x) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less

(y) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net ass such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such in good faith by the Issuer.

"Issue Date" means May 10, 2010.

"Issuer" means Lantheus Medical Imaging, Inc., a Delaware corporation.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the n agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commer of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and b preferred stock dividends.

"Net Proceeds" means the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale, cash received upon the sale or other disposition of any Designated Noncash Consideration received in any Asset Sale, net of any paymen Person holding a Lien on the assets subject to such Asset Sale, the direct costs relating to such Asset Sale and the sale or disposition of su Consideration, including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions, any r result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax shari to be applied to the repayment of principal, premium, if any, and any deduction of appropriate amounts to be provided by the Issuer as a against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other dispositi limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnifi such transaction.

"Obligations" means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reor the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, fe fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and ban other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and ot documentation governing any Indebtedness.

"Officer" means the Chairman of the board of directors, the President, chief executive officer, chief financial officer, any Executive President, the Treasurer, the Assistant Treasurer or the Secretary of the Issuer.

"Officers' Certificate" means a certificate signed on behalf of the Issuer by two Officers of the Issuer, one of whom must be the prin

principal financial officer, the treasurer or the principal accounting officer of the Issuer that meets the requirements set forth in the Inden

"Other Pari Passu Obligations" means any Additional Notes and any other Indebtedness ranking *pari passu* in right of payment with

"Parent" means Lantheus MI Intermediate, Inc., a Delaware corporation.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of Related Business Assets or a combination of Relate Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents rece with the "Asset Sales" covenant.

"Permitted Holder" means (i) the Sponsor, (ii) any limited partner of the Sponsor and (iii) the members of management of the Issue Issuer and its subsidiaries who are investors, directly or indirectly, in the Issuer or any of its direct or indirect parent companies and (iv) Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provi* and without giving effect to the existence of such group or any other group, the Sponsor and members of management, collectively, have 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies.

"Permitted Investments" means

(1) any Investment in the Issuer or any Restricted Subsidiary;

(2) any Investment in cash, Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in merger, consolidation, amalgamation or transfer;

(4) any Investment in securities or other assets not constituting cash or Cash Equivalents or Investment Grade Securities and Asset Sale made pursuant to the provisions of "—Repurchase at the Option of Holders—Asset Sales" or any other disposi Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date;

(6) advances to (or guarantees of loans to) employees in the ordinary course of business or consistent with past practices;

(7) any Investment acquired by the Issuer or any Restricted Subsidiary:

(a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary i bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivab

(b) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or oth

any secured Investment in default;

(8) Hedging Obligations permitted under clause (10) of the covenant described in "—Certain Covenants—Limitation on Incu
Issuance of Disqualified Stock or Preferred Stock" covenant;

(9) loans to (or guarantees of loans of) officers, directors and employees for business-related travel expenses, moving expens each case incurred in the ordinary course of business;

(10) Investments the payment for which consists of Equity Interests of the Issuer, or any of its direct or indirect parents (exclus *provided, however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause covenant described in "—Certain Covenants—Limitation on Restricted Payments";

(11) guarantees of Indebtedness permitted under the covenant described in "—Certain Covenants—Limitation on Incurrence o Disqualified Stock and Preferred Stock";

(12) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or con pursuant to joint marketing arrangements with other Persons in the ordinary course of business;

(13) additional Investments having an aggregate Fair Market Value, taken together with all other Investments made pursuant t time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do marketable securities), not to exceed the greater of (x) $30.0 million or (y) 6% of Total Assets at the time of such Investm each Investment being measured at the time made and without giving effect to subsequent changes in value);

(14) additional Investments in any Unrestricted Subsidiary having an aggregate Fair Market Value, taken together with all othe this clause (14) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the exte consist of cash and/or marketable securities), not to exceed $5.0 million at the time of such Investment (with the Fair Mar measured at the time made and without giving effect to subsequent changes in value);

(15) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurre of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(16) endorsements for collection or deposit in the ordinary course of business;

(17) repurchases of the notes and Other Pari Passu Obligations; and

(18) any Investment in a Person (other than the Issuer or a Restricted Subsidiary) pursuant to the terms of any agreements in ef Investment that replaces, refinances or refunds an existing Investment; *provided* that the new Investment is in an amount t replaced, refinanced or refunded (after giving effect to write-downs or write-offs with respect to such Investment), and is Investment replaced, refinanced or refunded; *provided* that the amount of any such Investment may be increased (x) as re Investment in existence on the Issue Date or (y) as otherwise permitted under the Indenture.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legisla connection with bids, tenders,

contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure publ
Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or
taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case, for sums not yet overdue for
being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such P
Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or payable
nonpayment or which are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of stay, customs, appeal, performance and surety bonds or bid bonds or with respect to other regu
credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-wa
and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incid
business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and
materially adversely affect the value of said properties or materially impair their use in the operation of the business of su

(6) Liens existing on the Issue Date (other than Liens incurred under the Credit Agreement);

(7) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however,* that su
in connection with, or in contemplation of, such other Person becoming such a subsidiary; *provided, further,* that such Lie
property owned by the Issuer or any of its Restricted Subsidiaries;

(8) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by mea
with or into the Issuer or any of its Restricted Subsidiaries; *provided, however*, that such Liens are not created or incurred
contemplation of, such acquisition; *provided, further,* that such Liens may not extend to any other property owned by the
Subsidiaries;

(9) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subs
accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issu
Preferred Stock;"

(10) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Indenture, sec
securing such Hedging Obligations;

(11) Liens on specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in resp
or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(12) leases and subleases of real property granted to others in the ordinary course of business so long as such leases and sublea the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(13) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases or consignment of g its Restricted Subsidiaries in the ordinary course of business;

(14) Liens in favor of the Issuer or any Guarantor;

(15) Liens on equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business to the Issu is located;

(16) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, exten a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8), (10), and (14 new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such pro secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal am amount of the Indebtedness described under clauses (6), (7), (8), (10), and (14) at the time the original Lien became a Per and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, ex

(17) other Liens securing obligations which obligations do to exceed $5.0 million at any one time outstanding;

(18) Liens to secure Indebtedness of any Foreign Subsidiary permitted by the covenant entitled "—Certain Covenants—Limita and Issuance of Disqualified Stock and Preferred Stock" covering only the assets of such Foreign Subsidiary;

(19) Liens securing Indebtedness Incurred pursuant to clause (1) of the second paragraph of the covenant described under "—C Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(20) Licenses, sublicenses or any other grants of rights to use, in the ordinary course of business so long as such licenses, subli materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(21) Liens securing judgments for the payment of money not constituting an Event of Default under clause (5) under the captio Remedies" so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly in judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connec in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-208 of the Uniform Commercial Code, or any comparable or succes course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and wh parameters customary in the banking industry;

(24) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity tr accounts incurred in the ordinary course of business and not for speculative purposes;

(25) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in c Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purch entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods of its Restricted Subsidiaries in the ordinary course of business;

(27) Liens securing Indebtedness permitted to be incurred pursuant to clause (4) of the second paragraph under "—Certain Cov of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that Liens extend only to the assets so improved;

(28) Liens of landlords and mortgagees of landlords (i) arising by statute or under any lease or related contractual obligation en business, (ii) on fixtures and movable tangible property located on the real property leased or subleased from such landlor that are being contested in good faith by appropriate proceedings diligently conducted and (iv) for which adequate reserve are maintained on the books of such Person in accordance with GAAP;

(29) Liens on earnest money deposits of cash or Cash Equivalents in connection with an acquisition of assets or property (inclu

(30) Liens in favor of customers on cash advances maintained in restricted customer escrow accounts actually received from cu Restricted Subsidiary in the ordinary course of business so long as such cash advances were made for the provision of futu Restricted Subsidiary; and

(31) Liens on assets of the Issuer or any of its Restricted Subsidiaries securing Indebtedness that were permitted by the terms o *provided*, that, at the time of such incurrence and after giving pro forma effect thereto, the Consolidated Secured Debt Rat four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such no greater than 0.75 to 1.0.

For purposes of determining compliance with this definition, (A) Permitted Liens need not be incurred solely by reference to one ca above but are permitted to be incurred in part under any combination thereof and (B) in the event that a Lien (or any portion thereof) mee categories of Permitted Liens described above, the Issuer may, in its sole discretion, classify or reclassify such item of Permitted Liens (o manner that complies with this definition and the Issuer may divide and classify a Lien in more than one of the types of Permitted Liens

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, government or any agency or political subdivision thereof or any other entity.

"preferred stock" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or win

"Qualified Proceeds" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; *provide* such assets or Capital Stock shall be determined by the board of directors in good faith.

"Related Business Assets" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that an Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Busine securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is Subsidiary; *provided, however*, that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Su definition of "Restricted Subsidiary."

"Securities Act" means the Securities Act of 1933 and the rules and regulations of the Commission promulgated thereunder.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

"Similar Business" means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the d that is similar, reasonably related, incidental or ancillary thereto.

"Sponsor" means Avista Capital Partners, L.P., Avista Capital Partners (Offshore), L.P. and their respective Affiliates (but not inclu portfolio companies of the foregoing).

"Subordinated Indebtedness" means:

(1) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the note

(2) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms subordinated in right of payment Guarantor.

"Subsidiary" means, with respect to any Person,

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited pa
are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Pers
whether in the form of membership, general, special or limited partnership or otherwise, and

(y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such

"Total Assets" means the total assets of the Issuer and the Restricted Subsidiaries, as shown on the most recent balance sheet of the statements are available immediately preceding the date on which any calculation of Total Assets is being made, with such pro forma adj consummated on or prior to or simultaneously with the date of the calculation as are appropriate and consistent with the pro forma adjust definition of Fixed Charge Coverage Ratio.

"Total Assets of Foreign Subsidiaries" means the total assets of the Foreign Subsidiaries of the Issuer, as shown on the most recent b Subsidiaries for which internal financial statements are available immediately preceding the date on which any calculation of Total Asse made, with such pro forma adjustments for transactions consummated on or prior to or simultaneously with the date of the calculation as the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securi compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two redemption date (or if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly redemption date to May 15, 2014; *provided*, *however*, that if the period from the redemption date to May 15, 2014 is less than one year, t actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the board o provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The board of directors of the Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly ac Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness any property of, the Issuer or any Restricted Subsidiary of the Issuer (other than any Subsidiary of the Subsidiary to be so designated); *pr*

(1) any Unrestricted Subsidiary must be an entity of which shares of the Capital Stock or other Equity Interests (including par least a majority of the votes that may be cast by all shares or Equity Interests having ordinary voting power for the electio body are owned, directly or indirectly, by the Issuer,

(2) such designation complies with the covenants described under "—Certain Covenants—Limitation on Restricted Payments

(3) each of (a) the Subsidiary to be so designated, and (b) its Subsidiaries has not at the time of designation, and does not then guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender l the Issuer or any Restricted Subsidiary.

The board of directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immedi designation no Default or Event of Default shall have occurred and be continuing and the Issuer could either (1) incur at least $1.00 of ad the Fixed Charge Coverage Ratio test described in the first sentence under "—Certain Covenants—Limitation on Incurrence of Indebtedn Stock and Preferred Stock" or (2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be equal to or gre and its Restricted Subsidiaries immediately prior to such designation, in each case on a pro forma basis taking into account such designat Board of Directors of the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the board reso designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness, Disqualified Stock or preferred stock, as the case m obtained by dividing

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled pri Indebtedness or redemption or similar payment with respect to such Disqualified Stock or preferred stock multiplied by th

(2) the sum of all such payments.

"Wholly-Owned Subsidiary" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other own than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Perso

Additional Information

Anyone who receives this prospectus may obtain a copy of the Indenture and the registration rights agreement without charge by wr Imaging, Inc., 331 Treble Cove Rd., Building 600-2, N. Billerica, Massachusetts 01862, Attention: General Counsel.

Book-entry, Settlement and Clearance

The notes were offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). The notes were also than U.S. persons in offshore transactions in reliance on Regulation S ("Regulation S Notes"). All of the notes were issued in registered, denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. Notes were issued at the closing of this offering only again available funds.

Rule 144A Notes initially were represented by one or more notes in registered, global form without interest coupons (collectively, " Regulation S Notes initially were represented by one or more temporary notes in registered, global form without interest coupons (collec Global Notes").

The Rule 144A Global Notes and the Regulation S Temporary Global Notes were deposited upon issuance with the Trustee as custo Company ("DTC") and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participa

Through and including the 40th day after the later of the

commencement of this offering and the closing of this offering (the "Distribution Compliance Period"), beneficial interests in the Regula may be held only through the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") (as indirect participants in person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Within a expiration of the Restricted Period, the Regulation S Temporary Global Notes were exchanged for one or more permanent notes in regist coupons (collectively, the "Regulation S Permanent Global Notes" and, together with the Regulation S Temporary Global Notes, the "Re Regulation S Global Notes and the Rule 144A Global Notes collectively being the "Global Notes") upon delivery to DTC of certification restrictions applicable to the notes and pursuant to Regulation S as provided in the Indenture. Beneficial interests in the Rule 144A Globa beneficial interests in the Regulation S Global Notes at any time in the limited circumstances described below. See "—Exchanges Betwe Rule 144A Notes."

Except as set forth below, Global Notes may be transferred only to another nominee of DTC or to a successor of DTC or its nomine in the limited circumstances described below, beneficial interests in Global Notes may not be exchanged for notes in certificated form an Global Notes will not be entitled to receive physical delivery of notes in certificated form. See "—Exchange of Global Notes for Certific interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes or vice versa exc and certification requirements described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Rule 144A Global Notes and Regulation S Global Notes (including beneficial interests in the notes they represent) are subject to cer bear restrictive legends as described under "Notice to Investors." In addition, transfers of beneficial interests in Global Notes will be subj procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream (as indirect particip from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of cor procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibili procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking or the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Com agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participatin "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic bo Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing co organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear thr relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants ma by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of

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ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchaser with po Global Notes; and

(2) ownership of these interests in Global Notes will be shown on, and the transfer of ownership of these interests will be effe maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to o in Global Notes).

Investors in 144A Global Notes who are Participants in DTC's system may hold their interests therein directly through DTC. Invest not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Participa Global Note may be subject to the procedures and requirements of DTC. Investors in Regulation S Global Notes must initially hold their or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants. After the expiration of t (but not earlier), investors may also hold interests in Regulation S Global Notes through Participants in the DTC system other than Euroc and Clearstream will hold interests in Regulation S Global Notes on behalf of their participants through customers' securities accounts in books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of such interests in customers' securities accounts in the depositaries' names on the books of DTC. Interests in a Global Note held through E subject to the procedures and requirements of those systems (as well as to the procedures and requirements of DTC). The laws of some s take physical delivery in definitive form of securities that they own and the ability to transfer beneficial interests in a Global Note to Pers requirements will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Pa having beneficial interests in a Global Note to pledge those interests to Persons that do not participate in the DTC system, or otherwise ta interests, may be affected by the lack of a physical certificate evidencing those interests.

Except as described below, owners of an interest in Global Notes will not have notes registered in their names, will not receive phys registered certificated form ("Certificated Notes") and will not be considered the registered owners or "Holders" thereof under the Indent

Payments in respect of the principal of and premium, and interest on a Global Note registered in the name of DTC or its nominee w capacity as the registered Holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the Persons i Global Notes, are registered as the owners of such notes for the purpose of receiving payments and for all other purposes. Consequently, any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participan ownership interests in Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including princi accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relev records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trust Neither the Issuer, the Trustee nor any paying agent will be liable for any delay by DTC or any of its Participants in identifying the benef Issuer, the Trustee and any paying agent may conclusively rely on and will be protected in relying on instructions from DTC or its nomin

Subject to the transfer restrictions set forth under "Notice to Investors," transfers between Participants in DTC will be effected in ac and will be settled in same-day funds and transfers between participants in Euroclear and Clearstream will be effected in accordance with operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the Part Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euro may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearst counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such sys the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action t behalf by delivering or receiving interests in the relevant Global Note from DTC, and making or receiving payment in accordance with n funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depo Clearstream.

DTC has advised us that it will take any action permitted to be taken by a Holder of the notes only at the direction of one or more Pa has credited the interests in the Global Notes and only in respect of the portion of the aggregate principal amount of the notes as to which Participants has or have given the relevant direction. However, if there is an Event of Default under the notes, DTC reserves the right to legended notes in certificated form, and to distribute those notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in Glo are under no obligation to perform those procedures, and may discontinue or change those procedures at any time. Neither the Issuer nor respective agents will have any responsibility for the performance by DTC, Euroclear, Clearstream or their respective Participants or Ind obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for a Certificated Note if:

- DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a cl Exchange Act and, in each case, a successor depositary is not appointed;

- we, at our option, notify the Trustee in writing that we elect to cause the issuance of Certificated Notes; *provided* that in n Temporary Global Note be exchanged for Certificated Notes prior to (a) the expiration of the Distribution Compliance Pe certificates required under the provisions of Regulation S; or

- there has occurred and is continuing a Default with respect to the notes and the Issuer or a beneficial holder requests such

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Tru accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in a Glob names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedu restrictive legend referred to in "Notice to Investors," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

If Certificated Notes are issued in the future, they will not be exchangeable for beneficial interests in any Global Note unless the tra a written certificate (in the form provided in the Indenture) to the effect that the transfer will comply with the appropriate transfer restrict transferred. See "Notice to Investors."

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in a Re before or after the expiration of the Distribution Compliance Period) only if the transferor first delivers to the Trustee a written certificate Indenture) to the effect that the transfer is being made in accordance with Rule 904 of Regulation S or Rule 144.

Prior to the expiration of the Distribution Compliance Period, transfers of beneficial interest in the Regulation S Global Note may b delivery in the form of an interest in the Rule 144A Global Note; *provided* that a written certification (in the form provided in the Indentu the effect that such transfer is being made to a Person who is reasonably believed to be a QIB acquiring for its own account or the accou complying with Rule 144A and any applicable securities laws of the states of the United States and other jurisdictions. After the expiratio Period, this certification requirement will no longer apply to such transfers.

Transfers involving exchanges of beneficial interests between a Regulation S Global Note and a Rule 144A Global Note will be effe instruction originated by the DTC participant through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with adjustments will be made to reflect the changes in the principal amounts of the Regulation S Global Note and the Rule 144A Global Not interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note w interest in the original Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all procedures applicable to beneficial interest in the other Global Note.

Certifications by Holders of the Regulation S Temporary Global Notes

A holder of a beneficial interest in the Regulation S Temporary Global Notes must provide Euroclear or Clearstream, as the case ma required by the Indenture

certifying that the beneficial owner of the interest in the Regulation S Temporary Global Note is either a non-U.S. person or a U.S. perso
in a transaction that is exempt from the registration requirements under the Securities Act, and Euroclear or Clearstream, as the case may
the paying agent if other than the Trustee) a certificate in the form required by the Indenture, prior to any exchange of such beneficial int
Regulation S Permanent Global Notes.

Same Day Settlement and Payment

We will make payments in respect of notes represented by Global Notes, including payments of principal, premium, if any, and inte
immediately available funds to the accounts specified by the DTC or its nominee. We will make all payments of principal of and premiu
Certificated Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Certificated Notes or, i
mailing a check to each Holder's registered address. See "—Principal, Maturity and Interest." Notes represented by Global Notes are exp
DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in notes represented by Global Notes w
to be settled in immediately available funds. Because of time zone differences, the securities account of a Euroclear or Clearstream partic
Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participa
processing day (which must be a Business Day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC
Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Partic
the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day for Eu
DTC's settlement date.

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PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes in the exchange offer for its own account must acknowledge that it will deliver a p
requirements of the Securities Act in connection with any resales of such Exchange Notes. Broker-dealers who acquired the Restricted N
offering must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in
Exchange Notes and cannot rely on the position of the staff of the Commission enunciated in the Exxon Capital no-action letter. In additi
Restricted Notes directly from us in the initial offering cannot use this prospectus in connection with resales of the Exchange Notes. We
discretion to purchase or make offers for, or to offer Exchange Notes for, any Restricted Notes that remain outstanding subsequent to the
pursuant to this prospectus or otherwise and, to the extent permitted by applicable law, purchase Restricted Notes in the open market, in
otherwise. This prospectus, as it may be amended or supplemented from time to time, may be used by all persons subject to the prospectu
Securities Act, including broker-dealers in connection with resales of Exchange Notes received in the exchange offer, where such Excha
of market-making activities or other trading activities and may be used by us to purchase any Restricted Notes outstanding after expiratio
agreed that, for a period of up to 180 days from the date on which the exchange offer is completed, we will make this prospectus, as ame
any broker-dealer for use in connection with any such resale. In addition, until June 28, 2011, all dealers effecting transactions in the Exc
deliver a prospectus.

We will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers i
account may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the
Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such pre
prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form
from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were
offer for its own account and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "un
the Securities Act and any profit on any such resale of such Exchange Notes and any commissions or concessions received by any such p
underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by del
requirements of the Securities Act, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Secu

For a period of up to 180 days from the date on which the exchange offer is completed, we will promptly send additional copies of t
or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all
offer, other than commissions or concessions of any brokers or dealers and will indemnify holders of the Notes, including any broker-dea
including liabilities under the Securities Act.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE EXCHANGE OFFE

The following is a summary of material U.S. federal income tax considerations relating to the exchange of Restricted Notes for Exc
It does not contain a complete analysis of all the potential tax considerations relating to the exchange. This summary is limited to holders
Restricted Notes as "capital assets" (in general, assets held for investment). Special situations, such as the following, are not addressed:

- tax consequences to holders that may be subject to special tax treatment, such as tax-exempt entities, dealers in securities
certain financial institutions or "financial services entities," insurance companies, regulated investment companies, traders
mark-to-market method of accounting for their securities holdings, retirement plans, real estate investment trusts, controll
foreign investment companies, former citizens or long-term residents of the United States, or corporations that accumulate
income tax;

- tax consequences to persons holding notes as part of a hedging, integrated, constructive sale or conversion transaction or a
transaction;

- tax consequences to holders whose "functional currency" is not the U.S. Dollar;

- tax consequences to persons who hold notes through a partnership or similar pass-through entity;

- alternative minimum tax, gift tax or estate tax consequences, if any; or

- any state, local or foreign tax consequences.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended, existing and proposed Treasu
thereunder, and rulings, judicial decisions and administrative interpretations thereunder, as of the date hereof. Those authorities may be c
as to result in U.S. federal income tax consequences different from those discussed below.

Consequences of Tendering Notes

The exchange of the Restricted Notes for the Exchange Notes in the exchange offer will not constitute a taxable exchange. As a resu
gain or loss as a result of such exchange, the holding period of the Exchange Notes you receive will include the holding period of the Re
adjusted tax basis of the Exchange Notes you receive will be the same as the adjusted tax basis of the Restricted Notes you exchange.

**The preceding discussion of certain material U.S. federal income tax consequences is for general information only and is not
investor is urged to consult its own tax advisor as to the particular tax consequences to it of exchanging Restricted Notes for Excl
applicability and effect of any U.S. federal, state, local or foreign tax laws, and of any proposed changes in applicable laws.**

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LEGAL MATTERS

Weil, Gotshal & Manges LLP has passed upon the validity of the Exchange Notes and the related guarantees on behalf of the issuer

EXPERTS

The consolidated financial statements of Lantheus MI Intermediate, Inc. and subsidiaries as of and for the years ended December 31 prospectus have been audited by Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, as stated in their report da 2010 as to the restatement discussed in Note 1, and October 4, 2010 as to Note 21) appearing herein. The consolidated financial statemen Medical Imaging (a division of Bristol Myers-Squibb Company) ("BMSMI") as of and for the year ended December 31, 2007 included i by Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, as stated in their report appearing herein, dated Septemb an explanatory paragraph regarding the basis of presentation of the BMSMI financial statements. Such financial statements have been so reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We and the guarantors have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to the Ex This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration state respect to us, the guarantors or the Exchange Notes, reference is made to the registration statement. Statements contained in this prospect contract or other document are not necessarily complete.

We are currently not subject to the periodic reporting and other informational requirements of the Exchange Act. As a result of the c will become subject to the informational requirements of the Exchange Act, and, in accordance therewith, will file reports and other info registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the SEC located Washington D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained fr the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Ro accessed electronically by means of the SEC's home page on the Internet (http://www.sec.gov).

So long as we are subject to the reporting requirements of the Exchange Act, we and the guarantors are required to make available t notes the information required to be filed with the SEC. Regardless of whether we are subject to the reporting requirements of the Excha long as any of the notes remain outstanding, we will furnish to the trustee and holders of the notes certain information that would otherw SEC under Sections 13 or 15(d) of the Exchange Act.

This prospectus contains summaries of certain agreements that we have entered into in connection with the exchange offer, such as described under "Summary—Summary of the Terms of the Exchange Offer" and "Certain Relationships and Related Party Transactions. prospectus of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitiv

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Index to Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Lantheus MI Intermediate, Inc.
North Billerica, Massachusetts

We have audited the accompanying consolidated balance sheets of Lantheus MI Intermediate, Inc. and subsidiaries (the "Company" 2008, and the related consolidated statements of income, stockholder's equity, and cash flows for the years then ended. These financial st the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Tho and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Comp were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal contro for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effective control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence su disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well a statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company a and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in

/s/ Deloitte & Touche LLP

Boston, Massachusetts

April 16, 2010 (August 18, 2010 as to the effects of the restatement discussed in Note 1, and October 4, 2010 as to Note 21).

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Lantheus MI Intermediate, Inc. and subsidiaries

Consolidated Balance Sheets

(in thousands except share data)	December 31, 2009	December 3 2008
Assets		
Current assets		
Cash and cash equivalents	$ 31,480	$ 21,0
Accounts receivable, net	42,951	71,3
Inventory	19,611	13,8
Deferred tax assets	1,167	4,3
Other current assets	2,905	8,3
Total current assets	98,114	119,0
Property, plant and equipment, net	122,760	123,5
Capitalized software development costs	4,802	7,2
Goodwill	16,818	16,8
Intangibles, net	147,011	147,0
Deferred tax assets	79,099	88,6
Deferred financing costs	3,038	5,6
Other long-term assets	20,901	19,9
Total assets	$ 492,543	$ 528,0
Liabilities and Stockholder's Equity		
Current liabilities		
Current portion of long-term debt	$ 30,000	$ 15,0
Accounts payable	19,995	23,1
Accrued expenses	18,360	33,5
Income tax payable	1,453	
Deferred revenue	4,750	3,6
Deferred tax liability	—	5
Total current liabilities	74,558	75,8
Asset retirement obligation	3,746	3,2
Long-term debt, net of current portion	63,649	127,7
Deferred tax liability	2,199	3,6
Deferred revenue	5,335	
Other long-term liabilities	32,477	29,6
Total liabilities	181,964	240,2
Commitments and contingencies	—	
Stockholder's equity		

Common stock ($0.001 par value, 10,000 shares authorized; 1 share issued and outstanding)	—	
Additional paid-in capital	247,883	246,7
Retained earnings	63,138	42,7
Accumulated other comprehensive loss	(442)	(1,7
Total stockholder's equity	310,579	287,8
Total liabilities and stockholder's equity	$ 492,543	$ 528,0

See notes to consolidated financial statements

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Lantheus MI Intermediate, Inc. and subsidiaries

Consolidated Statements of Income

(in thousands)	Year Ended December 31, 2009	2008
Revenues		
Net product revenues	$ 352,303	$ 531,7
License and other revenues	7,908	5,1
Total revenues	360,211	536,8
Cost of goods sold	184,844	244,4
Gross profit	175,367	292,3
Operating expenses		
General and administrative expenses	35,430	64,9
Sales and marketing expenses	42,337	45,7
Research and development expenses	44,631	34,6
In-process research and development	—	28,2
Total operating expenses	122,398	173,5
Operating income	52,969	118,7
Interest expense	(13,458)	(31,0
Interest income	73	6
Other income, net	2,720	2,9
Income before income taxes	42,304	91,3
Provision for income taxes	(21,952)	(48,6
Net income	$ 20,352	$ 42,7

See notes to consolidated financial statements

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Lantheus MI Intermediate, Inc. and subsidiaries

Consolidated Statements of Stockholder's Equity

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholder Equity
Balance at January 1, 2008	—	$ —	$ —	$ —	$ —	$
Issuance of common stock in connection with acquisition	1	—	245,400	—	—	245,4
Comprehensive income						
Net income	—	—	—	42,786	—	42,7
Foreign currency translation	—	—	—	—	(1,745)	(1,7
Total other comprehensive income						$ 41,0
Stock-based compensation	—	—	1,368	—	—	1,3
Balance at December 31, 2008	1	—	246,768	42,786	(1,745)	287,8
Comprehensive income						
Net income	—	—	—	20,352	—	20,3
Foreign currency translation, net of tax	—	—	—	—	1,303	1,3
Total other comprehensive income						$ 21,6
Stock-based compensation	—	—	1,115	—	—	1,1
Balance at December 31, 2009	1	$ —	$ 247,883	$ 63,138	$ (442)	$ 310,5

See notes to consolidated financial statements

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Lantheus MI Intermediate, Inc. and subsidiaries

Consolidated Statements of Cash Flows

(in thousands)	Year ended December 31 2009	2008
Cash flow from operating activities		
Net income	$ 20,352	$ 42,7
Adjustments to reconcile net income to cash flow from operating activities		
Depreciation	10,865	10,0
Amortization	30,842	63,0
Amortization of deferred financing charges	2,626	6,0
Provision for excess and obsolete inventory	4,125	5,7
Stock-based compensation	1,209	1,3
Deferred income taxes	10,826	(4,4
Acquired in-process research and development	—	28,2
Accretion of asset retirement obligation	378	3
Long term income tax receivable	(942)	(2,4
Long term income tax payable	3,325	2,4
Non-cash earnings	—	(3,3
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	28,023	
Prepaid expenses and other assets	5,480	(1,7
Inventory	(10,595)	5,2
Deferred revenue	6,036	4,0
Accounts payable	(3,171)	5,0
Income tax payable	1,453	(5,9
Accrued expenses and other liabilities	(15,049)	21,6
Cash provided by operating activities	95,783	178,4
Cash flows from investing activities		
Capital expenditures	(8,856)	(12,1
Asset acquisition, net of cash acquired	(29,495)	(518,6
Cash used in investing activities	(38,351)	(530,8
Cash flows from financing activities		
Proceeds from issuance of term loan	—	296,5
Payment of term loan	(49,102)	(153,7
Debt issuance costs	—	(11,6
Proceeds from issuance of common stock	—	245,4
Proceeds from line of credit	28,000	

Payment of line of credit	(28,000)	
Cash (used in) provided by financing activities	(49,102)	376,4
Effect of foreign exchange rate on cash	2,114	(3,0
Increase in cash and cash equivalents	10,444	21,0
Cash and cash equivalents, beginning of year	21,036	
Cash and cash equivalents, end of year	$ 31,480	$ 21,0
Supplemental disclosure of cash flow information		
Interest paid	$ 10,693	$ 23,7
Income taxes paid, net of refunds	$ (2,318)	$ 56,3

See notes to consolidated financial statements

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Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements

1. Description of Business

Separation from Bristol Myers Squibb

On January 8, 2008, Lantheus MI Holdings, Inc. ("LMI Holdings") acquired the Bristol-Myers Squibb ("BMS") Medical Imaging b price of $518.7 million, including transaction costs of $14.7 million. The business, now known as Lantheus MI Intermediate, Inc. and its "Company" or "Lantheus"), was purchased through a stock and asset purchase agreement, in which LMI Holdings purchased the stock at certain assets and liabilities for $30.8 million. The acquisition included employees in the United States and other countries dedicated to t and developed technology and certain other assets, including the manufacturing facilities located in North Billerica, Massachusetts. The subsidiary of LMI Holdings.

For the purpose of convenience, the Company has assumed an effective date of January 1, 2008 for the acquisition. The Company d between the effective date and the acquisition date are not material and these results have been included with the Company's results of op consolidated statements of income, the Company included net revenues of approximately $12.0 million, gross profit of approximately $8 approximately $5.4 million and net income of $3.3 million relating to the period from January 1, 2008 through January 7, 2008. The net $3.3 million has been included as Non-cash earnings within operating activities on the Consolidated Statement of Cash Flows and as Goo Balance.

Correction of Convenience Period Results

As noted above, for the purpose of convenience, the Company assumed an effective date of January 1, 2008 for the acquisition and operations between the effective date and the acquisition date, January 1, 2008 through January 7, 2008 (the "Convenience Period") are r results of operations for fiscal year 2008.

After the issuance of the Company's 2009 financial statements, the Company determined that the previously reported provision for i Convenience Period was inappropriately calculated. As a result, the Company has adjusted the previously reported provision for income provision of $2.1 million for the year ended December 31, 2008 related to the Convenience Period. The following summarizes changes t year ended December 31, 2008:

	As previously Reported	As Adjusted
Provision for income taxes	$ 46,545	$ 48,606
Net income	$ 44,847	$ 42,786

In addition, the amounts arising from the Convenience Period on the balance sheet should have been classified as goodwill rather th effect of the tax provision and balance sheet adjustment is reflected in goodwill.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

1. Description of Business (Continued)

The following summarizes changes to the balance sheet as of December 31, 2009 and 2008:

	As Previously Reported 2009	As Adjusted 2009	As Previously Reported 2008	As Adjuste 2008
Other current assets	$ 8,291	$ 2,905	$ 13,779	$ 8,3
Goodwill	$ 13,493	$ 16,818	$ 13,493	$ 16,8
Retained earnings	$ 65,199	$ 63,138	$ 44,847	$ 42,7

Lantheus MI Intermediate, Inc.

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

The Company's principal products include Cardiolite®, a myocardial perfusion imaging agent, DEFINITY®, an ultrasound contrast generator used to provide the radioisotope to radiolabeled Cardiolite® and other radiopharmaceuticals. In the U.S., Cardiolite®, DEFINI marketed through an internal sales force and sold through distributors to radiopharmacies and end users. Radiopharmacies reconstitute ce specific unit dose syringes which are then sold directly to hospitals and clinics. Internationally, these products are marketed through an in Company-owned radiopharmacies in certain countries and elsewhere through distributors.

Subsequent Events

The Company has evaluated subsequent events through October 4, 2010, the date the Company's consolidated financial statements

2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

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

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and e period. The more significant estimates reflected in the Company's consolidated financial statements include certain judgments regarding intangible asset valuation, inventory valuation, asset retirement obligations, deferred tax assets and

2. Summary of Significant Accounting Policies (Continued)

liabilities, accrued expenses and stock-based compensation. Actual results could materially differ from those estimates or assumptions.

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, title has passed, substantially all the risks and rewards o customer, the selling price is fixed or determinable, and collectibility is reasonably assured. For transactions for which revenue recogniti the respective amounts are recorded as deferred revenue until such point in time criteria are met and revenue can be recognized. Revenue which consist of allowances for returns, sales rebates, and chargebacks.

Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whe stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. Supply the charge of a nonrefundable initial fee with subsequent periodic payments for future products or services. The up-front fees, even if no products and/or services are delivered and performed over the term of the arrangement.

On January 1, 2009, the Company executed an amendment to a license and supply agreement (the "Agreement") with one of its cus license and supply rights to the customer for the period from January 1, 2009 through December 31, 2012. Under the terms of the Agreer Company $10 million in license fees; $8 million of which was received upon execution of the agreement and $2 million of which was re of a special license as defined in the Agreement. The Company's product sales under the Agreement are recognized in the same manner a Company is recognizing the license fees as revenue on a straight line basis over the term of the Agreement or four years. The Company r fee revenue in 2009 and recorded deferred revenue of $7.5 million which will be recognized as revenue at a rate of $2.5 million per year

In addition, the Company had other revenue of $5.4 million and $5.1 million in fiscal years 2009 and 2008, respectively. Other reve manufacturing services related to one of the Company's products for one customer. The related costs are included in cost of goods sold.

Product Returns

The Company records a reserve for sales recorded for which the related products are expected to be returned. The Company does no unless an over shipment or non-conforming shipment was provided to the customer, or if the product was defective. The Company adjus it becomes aware of other factors that it believes could significantly impact its expected returns. These factors include its estimate of actu non-conforming product and open return requests.

Distributor Relationships

Revenue for product sold to distributors is recognized at shipment, unless other revenue recognition criteria have not been met. In su
can not be determined

2. Summary of Significant Accounting Policies (Continued)

until the distributor has sold through the goods, the Company defers such revenue until such time when the goods have been sold through reasonably estimated based on history of transactions with such distributor.

Rebates, Discounts and Chargebacks

The Company records a reduction to revenue for estimates of rebates, discounts and chargebacks that are based on its estimated mix which are entitled contractually to either discounts or rebates from the Company's listed prices of its products. In the event that the sales the Company may be required to pay higher or lower total price adjustments and/or chargebacks than it has estimated. Since the Compan customers under federally mandated programs, chargebacks have not been significant to the Company.

Sales rebates and other accruals were approximately $427,000 and $8.0 million at December 31, 2009 and 2008, respectively. The d the expiration of the Cardiolite® patent and the resulting non-renewal of certain rebate agreements. These accruals were established in th was recognized, resulting in a reduction to sales and the establishment of a liability for amounts already paid by the customer and are inc in the accompanying balance sheets. An accrual is recorded based on an estimate of the proportion of recorded revenue that will result in primarily on the Company's historical experience.

Income Taxes

The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. The prov income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using the currently enacted tax rates that ap the years in which those tax attributes are expected to be recovered or paid, and are adjusted for changes in tax rates and tax laws when c

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized a valuation allowance is required often requires significant judgment including the forecast of future taxable income and the evaluation o Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

The Company accounts for uncertain tax positions using a recognition threshold and measurement attribute for the financial stateme a tax position taken or expected to be taken in a tax return. Differences between tax positions taken in a tax return and amounts recognize recorded as adjustments to income taxes payable or receivable, or adjustments to deferred taxes, or both. The guidance also requires disc reporting period including a tabular reconciliation of unrecognized tax benefits. The Company classifies interest and penalties within the

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include savings deposits, certificates of deposit and money market funds that have original maturities of t
purchased.

Accounts Receivable

Accounts receivable consist of amounts billed and currently due from customers. The Company maintains an allowance for doubtfu
determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factor
be fully reserved when specific collection issues are known to exist, such as pending bankruptcy. As of December 31, 2009 and Decemb
allowances for doubtful accounts of approximately $738,000 and $752,000, respectively.

Concentration of Risks and Limited Suppliers

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade accounts re
cash equivalents are maintained with various financial institutions. The Company periodically reviews its accounts receivable for collect
allowance for doubtful accounts to the extent that amounts are not expected to be collected. The Company sells primarily to large nationa
resell the Company's products. There was one customer that represented greater than 10% of the total accounts receivable balance and ne

	Accounts Receivable December 31,		Sales December 31,	
	2009	2008	2009	2008
Company A	21%	30%	30%	48%

The Company relies on certain materials used in its development and manufacturing processes, some of which are procured from or
one of these suppliers to deliver on schedule could delay or interrupt the manufacturing or commercialization process and thereby advers
results. In addition, a disruption in the commercial supply of, or a significant increase in, the cost of one of the Company's materials from
material adverse effect on the Company's business, financial position and results of operations. In May 2009, MDS Nordion, the Compar
molybdenum-99 ("moly"), a key raw material in the Company's TechneLite® product, was affected by a nuclear reactor shutdown. As a
able to replace all of the quantity of supply it previously received from MDS Nordion, which has had a negative impact on the Company

Cardiolite® and TechneLite®, accounted for approximately 33% and 31%, respectively, of net product sales for the years ended De
respectively for December 31, 2008. In July 2008, the Company's market exclusivity for Cardiolite® expired.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Inventory

Inventory includes material, direct labor and related manufacturing overhead, and is stated at the lower of cost or market on a first-i records inventory when it takes delivery and title to the product. Any commitment for product ordered but not yet received is included as contractual obligations table. The Company assesses the recoverability of inventory to determine whether adjustments for impairment are excess of future requirements is written down to its estimated net realizable value based upon forecasted demand for its products. If actua what has been forecasted by management, additional inventory impairments may be required.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Replacements of major units of property are capitalized and replaced properties are components of property and repair and maintenance costs are charged to expense as incurred. Depreciation is generally computed on a st estimated useful lives of the related assets. The estimated useful lives of the major classes of depreciable assets are as follows:

Buildings	50 years
Land improvements	40 years
Machinery and equipment	3 - 20 years
Furniture and fixtures	15 years

Upon retirement or other disposal of property, plant and equipment, the cost and related amount of accumulated depreciation are eli accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds is included in net in

Capitalized Software Development Costs

Certain costs to obtain internal use software for significant systems projects are capitalized and amortized over the estimated useful from 3 to 5 years. Costs to obtain software for projects that are not significant are expensed as incurred. Capitalized software developme amortization, was $4.8 million and $7.3 million at December 31, 2009 and December 31, 2008, respectively. Amortization expense relat $1.2 million and $531,000 for the years ended December 31, 2009 and December 31, 2008 respectively.

Goodwill, Intangibles and Long-Lived Assets

The Company estimates the fair value of acquisition-related intangible assets principally based on projections of cash flows that wil assets of acquired businesses. The projected cash flows are discounted to determine the fair value of the assets at the dates of acquisition.

Goodwill and purchased intangible assets with indefinite lives are not amortized but are reviewed periodically for impairment. In 20
it performs its annual goodwill and indefinite-lived intangible asset impairment testing from December 31 to October 31. The Company
goodwill impairment testing date change does not result in

2. Summary of Significant Accounting Policies (Continued)

adjustments to its financial statements when applied retrospectively. The Company believes changing its annual goodwill impairment tes
date change coincides with the change of its financial and strategic planning process. Going forward, the Company will perform an annu
October 31 to test for impairment and more frequently if events or circumstances indicate that goodwill may be impaired. The Company
the fair value of the reporting unit containing goodwill to its carrying value, including goodwill. If the fair value exceeds the carrying val
carrying value exceeds the fair value, then the Company would calculate the potential impairment loss by comparing the implied fair val
value of the goodwill. If the implied fair value of goodwill is less than the book value, then an impairment charge would be recorded.

The Company calculates the fair value of its reporting units using the income approach which utilizes discounted forecasted future c
which utilizes fair value multiples of comparable publicly traded companies. The discounted cash flows are based on the Company's mos
projections and are discounted using a risk adjusted rate of return which is determined using estimates of market participant risk-adjusted
and reflects the risks associated with achieving future cash flows. The market approach is calculated using the guideline company metho
multiples derived from stock prices of companies engaged in the same or similar lines of business.

The Company performs impairment testing for intangible and long-lived assets whenever events or changes in circumstances sugge
or group of assets may not be recoverable. The Company measures the recoverability of assets to be held and used by comparing the carr
undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment equals th
amount of the assets exceeds the fair value of the assets. Any impairments are recorded as permanent reductions in the carrying amount o

Intangible assets, consisting of core and developed technology, patents, trademarks and customer relationships related to the Compa
Cardiolite® and DEFINITY®) are amortized in a method equivalent to the estimated utilization of the economic benefit of the asset, wit
ranging from 6 to 19 years. Tradenames and patents are amortized on a straight line basis and customer relationships are amortized on an

Deferred Financing Charges

Debt issuance costs are capitalized and amortized to interest expense using the effective interest rate method. As of December 31, 2
unamortized deferred financing fees were $3.1 million and $5.7 million, respectively. The expense associated with the deferred financing
$6.0 million for the years ended December 31, 2009 and December 31, 2008, respectively, and was included in interest expense.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of i
of matters, including, among others, product and environmental liability. The Company records accruals for such loss contingencies

2. Summary of Significant Accounting Policies (Continued)

when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. The Company does not recognize

Fair Value of Financial Instruments

The estimated fair values of the Company's financial instruments, including its cash and cash equivalents, receivables, accounts pay approximate the carrying values of these instruments due to their short term nature.

Shipping and Handling Costs

The Company typically does not charge customers for shipping and handling costs. Shipping and handling costs are included in cos $16.6 million and $16.1 million for the years ended December 31, 2009 and December 31, 2008, respectively.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and totaled $4.1 million and $3.4 million for the years ended December 3 respectively, and are included in sales and marketing expenses.

Research and Development

Research and development costs are expensed as incurred and relate primarily to the development of new products to add to the Co advance payments for goods or services that will be used or rendered for future research and development activities are deferred and rec are delivered or the related services are performed.

Foreign Currency Translation

The statement of income of the Company's foreign subsidiaries are translated into U.S. dollars using average exchange rates. The ne subsidiaries are translated into U.S. dollars using the end of period exchange rates. The impact from translating the net assets of these sub recorded in the foreign currency translation adjustment account, which is included in accumulated other comprehensive loss.

For the years ended December 31, 2009 and December 31, 2008, gains arising from foreign currency transactions totaled approxima are reported as a component of other income, net.

Accounting for Stock-Based Compensation

The Company's stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized a service period, which generally represents the vesting period, and includes an estimate of the awards that will be forfeited. The Company model for estimating the fair value on the date of grant of stock options. The fair value of stock option awards is affected by the valuation expected volatility based on comparable market participants, expected term of the option, risk-free interest rate and expected dividends. V of vested options becomes

2. Summary of Significant Accounting Policies (Continued)

probable, the Company reclassifies its vested awards to a liability and accounts for any incremental compensation cost in the period in w
probable.

Accumulated Other Comprehensive Loss

Comprehensive loss is comprised of net income, plus all changes in equity of a business enterprise during a period from transaction
circumstances from non-owner sources, including any foreign currency translation adjustments. These changes in equity are recorded as
comprehensive income (loss) in the Company's consolidated balance sheet. The components of accumulated other comprehensive loss co
translation adjustments.

Asset Retirement Obligations

The Company's compliance with federal, state and foreign environmental laws and regulations may require it to remove or mitigate
release of chemical substances in jurisdictions where it does business or maintain properties. The Company establishes accruals when su
reasonably estimated. Accrual amounts are estimated based on currently available information, regulatory requirements, remediation stra
relative shares of the total remediation costs and a relevant discount rate, when the time periods of estimated costs can be reasonably pre
assumptions could impact the Company's future reported results. The amount recorded for asset retirement obligations at December 31, 2
and $3.3 million, respectively.

Business Combinations

The Company adopted new guidance relative to accounting for business combinations on January 1, 2009. The guidance requires an
acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as o
new guidance acquisition costs are expensed as incurred and recorded in selling, general and administrative expenses; in-process researc
recorded at fair value as an indefinite-lived intangible asset at the acquisition date. In addition, under the new guidance any future reversa
acquisition would be recorded in earnings, rather than as an adjustment to goodwill or acquisition related other intangible assets and will
effective income tax rate.

Reclassification of 2008 Reported Amounts

As further described in Note 6, the Company has a tax indemnification agreement with BMS related to certain contingent tax obliga
acquisition. The tax obligations are recognized in liabilities and the tax indemnification receivable is recognized within other noncurrent

statements, the Company included a liability for the tax benefit generated upon settlement of the indemnification receivable within defer
indemnification payment will be net of any benefit obtained, the December 31, 2008 consolidated balance sheet understated noncurrent d
the tax indemnification receivable by offsetting amounts. A reclassification of $9.2 million between deferred tax assets and other long-te
2008 balance sheet to correct the prior presentation and conform to

2. Summary of Significant Accounting Policies (Continued)

the 2009 presentation. This reclassification had no impact on total noncurrent assets, total assets, or net income as compared to previousl
is not considered to be material.

Recent Accounting Standards

In October 2009, the FASB issued an update to the accounting standard for revenue recognition related to multiple-element arrange
requires companies to allocate revenue in arrangements involving multiple deliverables based on the estimated selling price of each deliv
deliverables are not sold separately either by the company itself or other vendors. This standard eliminates the requirement that all undeli
objective and reliable evidence of fair value before a company can recognize the portion of the overall arrangement fee that is attributabl
delivered. As a result, the new guidance may allow some companies to recognize revenue on transactions that involve multiple deliverab
requirements. The Company will adopt this standard in the first quarter of 2010 and does not anticipate that the adoption will have a mat
financial statements.

3. Acquisitions

Lantheus

On January 8, 2008, the stock and asset purchase agreement (the "Agreement") between ACP Lantern Holdings, Inc. (now known a
Acquisition, Inc. and BMS to acquire Bristol-Myers Squibb Medical Imaging, subsequently known as Lantheus Medical Imaging, was c
price of $518.7 million, including transaction costs of $14.7 million. The acquisition included employees in the United States and other c
related product patent and developed technology and certain other assets, including the manufacturing facilities located in North Billerica
allows for the Company to focus on growing its market in the medical imaging industry.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

3. Acquisitions (Continued)

The following table summarizes the fair value assigned to the assets acquired and liabilities assumed at the date of acquisition:

(in thousands)	
Assets acquired:	
Accounts receivable	$ 70,226
Inventory	26,838
Other current assets	1,780
Property, plant and equipment	129,064
Customer relationships	113,480
In-process research and development	28,240
Tradenames	53,390
Patents	42,780
Goodwill	13,493
Long term deferred tax asset	88,316
Other current assets	222
Other long term assets	17,484
Liabilities assumed:	
Accounts payable	(11,907)
Accrued liabilities	(8,324)
Accrued rebates and other	(9,672)
Deferred taxes	(5,698)
Asset retirement obligations	(2,928)
Other current liabilities	(1,450)
Other long term liabilities	(26,677)
Cash paid, including transaction costs	$ 518,657

The acquisition of the Company was accounted for as a purchase. As discussed in Note 1, the Company, for the purpose of conveni the period from January 1, 2008 through January 7, 2008 in its 2008 consolidated statement of income. The operating results for this peri consolidated financial statements taken as a whole. The Company has recorded goodwill of $16.8 million which includes goodwill relate $13.5 million and the effect of the operating results of $3.3 million for the Convenience Period. The goodwill is not deductible for incom $660,000 of patents, which are defensive related, have an indefinite life for valuation purposes, and the remaining intangible assets with average useful life of approximately 15 years, consisting of weighted-average useful lives of trademarks (16 years), patents (2 years) and The amounts allocated to these intangible assets were determined through a discounted cash flow analysis using the income approach. Th discounted to determine the present value of the assets at the dates of acquisition. The values assigned to these intangibles were determin

lives, expected future earnings benefit and potential revenue generated.

3. Acquisitions (Continued)

The amount allocated to IPR&D of $28.2 million was determined through a discounted cash flow analysis using the income approac the project were discounted to their present value at a rate commensurate with the perceived risk, which for this project was 20%. The va determined by estimating costs to develop the purchased IPR&D into commercially viable product, the phase the project is in and its pote project. The estimated fair value of in-process research and development related to Positron Emission Tomography ("PET") perfusion ag closing of the acquisition, the amount allocated to IPR&D was charged to expense.

4. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction betwee measurement date. In order to increase consistency and comparability in fair value measurements, financial instruments are categorized b observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the company has the abi date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or simila are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.) an from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would The Company develops these inputs based on the best information available, including its own data.

At December 31, 2009, the Company's financial assets that are measured at fair value on a recurring basis are comprised of U.S. gov market securities and are classified as cash equivalents. The Company invests excess cash from its operating cash accounts in overnight i amounts in cash and cash equivalents on the consolidated balance sheet using quoted prices in active markets for identical assets (Level 1

(in thousands)	Total fair value at December 31, 2009	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significan unobservab inputs (Level 3)
Cash equivalents				
U.S. Treasuries	$ 21,937	$ 21,937	$ —	$
Money Market	2,002	2,002	—	
	$ 23,939	$ 23,939	$ —	$

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

4. Fair Value of Financial Instruments (Continued)

(in thousands)	Total fair value at December 31, 2008	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significan unobservab inputs (Level 3)
Cash equivalents				
U.S. Treasuries	$ 19,493	$ 19,493	$ —	$
	$ 19,493	$ 19,493	$ —	$

5. Income Taxes

The components of income before income taxes for the years ended December 31 were:

(in thousands)	2009	2008
United States	$ 41,125	$ 110,590
International	1,179	(19,198)
	$ 42,304	$ 91,392

The provision (benefit) for income taxes attributable to operations consisted of:

(in thousands)	2009	2008
Current		
Federal	$ 5,140	$ 44,642
State	3,981	7,884
International	2,005	527
	$ 11,126	$ 53,053
Deferred		
Federal	$ 9,396	$ (2,475)
State	4,244	(1,080)
International	(2,814)	(892)
	$ 10,826	$ (4,447)
	$ 21,952	$ 48,606

5. Income Taxes (Continued)

The Company's provision for income taxes in the years ended December 31, 2009 and December 31, 2008 was different from the ar statutory U.S. Federal income tax rate to earnings from operations before income taxes, as a result of the following:

(in thousands)	2009		2008	
U.S. statutory rate	$ 14,806	35.0%	$ 31,987	35.0%
In-process research and development	—	—	9,884	10.8%
Losses not benefited	155	0.4%	5,535	6.1%
U.S manufacturing deduction	(281)	(0.7)%	(3,230)	(3.5)%
Uncertain tax positions	2,505	5.9%	2,475	2.7%
State and local taxes	631	1.5%	2,008	2.2%
Impact of rate change on deferred taxes	3,956	9.3%	—	—
Utilization of net operating losses	(1,407)	(3.3)%	—	—
True-up of prior year tax	1,592	3.8%	—	—
Other	(5)	0.0%	(53)	(0.1)%
	$ 21,952	51.9%	$ 48,606	53.2%

The components of deferred income tax assets (liabilities) at December 31 were:

(in thousands)	2009	2008
Deferred Tax Assets		
Federal benefit of state taxes payable	$ 10,621	$ 9,193
Reserves, accruals and other	2,600	4,400
Amortization of intangibles other than goodwill	94,919	114,879
Net operating loss carryforwards	339	5,535
Deferred tax assets	108,479	134,007
Deferred Tax Liability		
Customer lists	(22,646)	(32,813)
Depreciation	(7,427)	(6,887)
Deferred tax liability	(30,073)	(39,700)
Less: Valuation allowance	(339)	(5,535)
	$ 78,067	$ 88,772

	2009	2008
Recorded in the accompanying consolidated balance sheet as:		
Current deferred tax assets	$ 1,167	$ 4,391
Noncurrent deferred tax assets	79,099	88,606
Current deferred tax liability	—	(527)
Noncurrent deferred tax liability	(2,199)	(3,698)
Net deferred tax assets	$ 78,067	$ 88,772

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

5. Income Taxes (Continued)

As of December 31, 2009 and 2008, total liabilities for tax obligations and associated interest and penalties were $32.5 million and $ consisting of income tax provisions for uncertain tax benefits of $18.8 million and $17.9 million and interest and penalty accruals of $13 respectively, which were included in other long-term liabilities on the consolidated balance sheet with the offsetting asset in other long te asset related to the indemnification was $20.9 million and $20.0 million as of December 31, 2009 and 2008, respectively. Included in the $2.5 million and $2.5 million, respectively relating to current year interest expense, with an offsetting amount included in other income c

A reconciliation of the Company's changes in uncertain tax positions for 2009 and 2008 is as follows:

(in thousands)	
Beginning balance of gross uncertain tax positions as of January 8, 2008	$ 17,939
Gross additions to tax positions related to current year	—
Gross reduction to tax positions related to prior year	—
Balance of gross uncertain tax positions as of December 31, 2008	17,939
Gross additions to tax positions related to current year	877
Gross reduction to tax positions related to prior year	—
Balance of gross uncertain tax positions as of December 31, 2009	$ 18,816

As of December 31, 2009 and December 31, 2008, the total amount of unrecognized tax benefits was $18.8 million and $17.9 millio affect the effective tax rate, if recognized. These amounts are primarily associated with domestic state tax issues, such as the allocation o jurisdictions, transfer pricing and U.S. federal R&D credits. As the Company has been contacted by a number of state tax jurisdictions in acquisition tax years, the Company does believe that some pre-acquisition tax years will be settled by BMS within the next twelve month quantify the extent of potential settlement at this time.

The Company has a tax indemnification agreement with BMS related to certain tax obligations arising prior to the acquisition of the has the primary legal obligation. The tax indemnification receivable is recognized within other noncurrent assets. The changes in the tax recognized within other income, net in the statement of income. In accordance with the Company's accounting policy, the change in the t interest associated with these obligations (net of any offsetting federal or state benefit) is recognized within the tax provision. According adjustments are included in the tax provision while the offsetting adjustment is included in other income. Assuming that the receivable fr considered recoverable by the Company, there is no net effect on earnings related to these liabilities and no net cash outflows.

5. Income Taxes (Continued)

The Company decreased its valuation allowance by $5.2 million in 2009. The Company has foreign net operating loss carryforward which $1.2 million expire in 2029 and $542,000 have no expiration date.

Undistributed earnings of various foreign subsidiaries aggregated zero and $730,000 at December 31, 2009 and 2008, respectively. Company plans to distribute earnings from its Australian subsidiary during 2010. Since these earnings are not permanently reinvested, th tax liability of $180,000. There are no additional undistributed earnings in our foreign subsidiaries as they do not have accumulated earn

6. Inventory

Inventory consisted of the following at December 31:

(in thousands)	2009	2008
Raw materials	$ 6,751	$ 7,156
Work in process	1,849	2,612
Finished goods	11,011	4,109
Inventory	$ 19,611	$ 13,877

7. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following at December 31:

(in thousands)	2009	2008
Land	$ 22,450	$ 22,450
Buildings	60,695	60,701
Machinery, equipment and fixtures	55,905	47,080
Construction in progress	4,989	3,437
Accumulated depreciation	(21,279)	(10,096)
Property, plant and equipment, net	$ 122,760	$ 123,572

Depreciation expense related to property, plant and equipment was $10.9 million and $10.1 million for the years ended December 3

Included within property, plant and equipment are spare parts of approximately $4.1 million and $4.0 million as of December 31, 20

parts include replacement parts relating to plant and equipment and are either recognized as an expense when consumed or re-classified a
plant and equipment and depreciated over a time period not exceeding the useful life of the related asset.

8. Asset Retirement Obligations

The fair value of a liability for asset retirement obligations is recognized in the period in which the liability is incurred. The liability
obligation when incurred and is adjusted in subsequent periods as accretion expense is recorded. The corresponding asset retirement

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

8. Asset Retirement Obligations (Continued)

costs are capitalized as part of the carrying value of the related long-lived assets and depreciated over the asset's useful life.

The Company considered the legal obligation to remediate its facilities upon a decommissioning of its radioactive related operations The operations of the Company have radioactive production facilities at its North Billerica, Massachusetts and San Juan, Puerto Rico site

The following is a reconciliation of the Company's asset retirement obligations for the years ended December 31, 2009 and Decemb

(in thousands)	
Beginning balance	$ 2,928
Accretion expense	355
Balance at December 31, 2008	3,283
Capitalization	85
Accretion expense	378
Balance at December 31, 2009	$ 3,746

9. Intangibles, net

Intangibles, net consisted of the following:

	December 31, 2009				
(in thousands)	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortiz Meth
Trademarks	$ 53,390	$ 6,856	$ 46,534	16 years	Straight
Customer relationships	113,480	46,453	67,027	19 years	Acceler
Patent rights, know-how	29,495	2,069	27,426	11 years	Straight
Patents	42,780	36,756	6,024	2 years	Straight
	$ 239,145	$ 92,134	$ 147,011		

	December 31, 2008				
	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortiz Meth
Trademarks	$ 53,390	$ 3,394	$ 49,996	16 years	Straight
Customer relationships	113,480	23,065	90,415	19 years	Accele
Patents	42,780	36,094	6,686	2 years	Straight
	$ 209,650	$ 62,553	$ 147,097		

On April 6, 2009, the Company acquired the U.S., Canadian and Australian territory rights to a Gadolinium-based blood pool contra known as Vasovist®), from EPIX Pharmaceuticals for an aggregate purchase price of $32.6 million, including drug product and active p ABLAVAR® was approved by the FDA in December 2008 and

9. Intangibles, net (Continued)

commercially launched by the Company in early January 2010 after final FDA approval of its product label.

This acquisition was accounted for as an asset purchase and consisted of $28.0 million in patents, $500,000 manufacturing know-ho and $4.1 million in inventory. The acquired patents are being amortized over approximately 11 years which approximates the expected p know-how is being amortized over 3.5 years which represents the expected useful term of such know-how. The Company recorded amor assets of $29.6 million and $62.6 million for the years ended December 31, 2009 and December 31, 2008, respectively. In conjunction w incurred and capitalized $1.0 million in legal and other related costs which are being amortized over the expected patent life.

Expected future amortization expense related to the intangible assets is as follows (in thousands):

Years ended December 31,	
2010	$ 22,285
2011	19,494
2012	15,245
2013	13,549
2014	12,269
2015 and thereafter	63,518
	$ 146,360

Approximately $660,000 of patents, which are defensive related, have an indefinite life and are therefore not included in the expecte

10. Accrued Expenses

Accrued expenses are comprised of the following at December 31:

(in thousands)	2009	2008
Compensation and benefits	$ 7,872	$ 11,350
Accrued professional fees	2,031	5,852
Research and development services	2,680	2,024
Freight and distribution	3,600	4,117
Marketing expense	1,129	1,500
Accrued rebate and other	427	7,972

Other	621	731
	$ 18,360	$ 33,546

11. Financing Arrangements

On January 8, 2008, the Company entered into an agreement (the "Credit Agreement") with PNC Bank, National Association, as Ac
Finance LLC, as Collateral Agent, and the other lenders party thereto (collectively the "Lenders") for a credit facility (the "Facility") in t
$346.5 million (collectively, the "Loan Amount"). The Facility consists of

11. Financing Arrangements (Continued)

a secured term loan in the amount of $296.5 million and a revolving credit facility in the amount of $50 million, which includes a subfac credit. The Company may request the lenders to increase the Facility by an additional amount of up to $35.0 million at the discretion of t

Borrowings made under the Facility bear interest, at the Company's election, at a rate based on the Reference Rate (as defined in the the LIBOR Rate (as defined in the Credit Agreement) plus 7.50%. Loans outstanding under the Facility may be prepaid at any time in wh penalty. Amounts repaid under the term loan cannot be re-borrowed. The Facility terminates and any outstanding loans under it mature o

Minimum future repayment of principal borrowed under the term loan facility is payable in installments as follows:

- $15.0 million quarterly March 31, 2010 through December 31, 2011;
- $10.0 million quarterly March 31, 2012 through January 8, 2013 with any final principal due on maturity date

In addition, the Company is required to make quarterly payments of the larger of the minimum repayments, noted above, or an amo Company's excess cash flow (as defined in the Credit Agreement). The Company applies any excess cash flow payments, first, to the firs following such prepayment, and second, to the remaining installments of principal due under the Credit Agreement in the inverse order o Company made one installment repayment of $16.5 million and three excess cash flow payments totaling $137.2 million. During 2009, t flow payments totaling $49.1 million. As a result of the excess cash flow payments and their application against the subsequent installme prepayments, the Company has included in the current portion of long-term debt $30.0 million of the total outstanding principal as of De

The Company's term loan minimum principal commitments are as follows (in thousands):

Years ended December 31,	
2010	$ 30,000
2011	60,000
2012	3,649
	$ 93,649

Interest is due either on the last day of the interest period for LIBOR rate loans or the last day of the quarter for Reference Rate loan

The Company's obligations under the Facility may be accelerated upon the occurrence of an event of default under the Facility, whi

dividends and customary events of default, including payment defaults, defaults in the performance of affirmative and negative covenant
or warranties, bankruptcy and insolvency related defaults, cross defaults to other material indebtedness and a change of control default.

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Financing Arrangements (Continued)

As of December 31, 2009 and 2008, the Company had approximately $93.6 million and $142.8 million respectively in principal am
Facility. During 2009, the Company had drawn $28.0 million on its revolving credit facility and repaid the entire amount as of Decembe
$6.8 million in letters of credit applied against the total amount available at December 31, 2009, resulting in a maximum borrowing avail
agreement of $43.2 million at December 31, 2009. The debt under the revolving credit facility carried a weighted average interest rate of
December 31, 2009 and 2008, respectively.

The Company's obligations under the Facility are guaranteed by certain of the Company's U.S. domestic subsidiaries, and the Comp
of any co-borrowers under the Facility. The Facility contains affirmative and negative covenants applicable to the Company and its subsi
covenants requiring the Company to comply with minimum leverage ratios, maximum interest coverage ratios and maximum capital exp
restrictions on liens, investments, indebtedness, fundamental changes, acquisitions, dispositions of property, making specified restricted
affiliates.

12. Stockholder's Equity

As of December 31, 2009 and December 31, 2008, the authorized capital stock of the Company consisted of 10,000 shares of votin
$0.01 per share and 1 share outstanding.

13. Stock-Based Compensation

The Company's employees are eligible to receive awards from the LMI Holdings 2008 Equity Incentive Plan (the "2008 Plan"). The
LMI Holdings Board of Directors. The 2008 Plan permits the granting of nonqualified stock options, stock appreciation rights (or SARs)
stock units to its employees, officers, directors and consultants of the Company or any subsidiary of the Company. The maximum numbe
pursuant to awards under the 2008 Plan at December 31, 2009 is 5,035,100 which decreased by 2,900 during 2009 due to cancelled and
awards are granted with an exercise price equal to the fair value of LMI Holdings' stock at the date of grant. Time based option awards v
five years, and performance based option awards vest based on the achievement of certain annual EBITDA targets over a five-year perio
compensation costs for its time based awards on a straight-line basis equal to the vesting period. The compensation cost for performance
graded vesting basis, based on the probability of achieving performance targets over the requisite service period for the entire award. The
was estimated on the date of grant using a Black-Scholes valuation model that uses the assumptions noted in the following table. Expecte
historical volatility of a selected peer group. The expected term of options represents the period of time that options granted are expected
interest rate

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation (Continued)

assumption is the seven-year U.S. Treasury rate at the date of the grant which most closely resembles the expected life of the options.

	Years Ended December 31,	
	2009	2008
Expected volatility	41 - 39%	38%
Expected dividends	—	—
Expected life (in years)	6.5	6.5
Risk-free interest rate	2.4% - 3.4%	3.0% - 3.6%

A summary of option activity for 2009 is presented below:

	Time Based	Performance Based	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2009	2,453,850	2,353,850	4,807,700	$ 2.00	9.2	$ 23,300,0
Options granted	144,000	94,000	238,000	$ 6.97		
Options cancelled	(1,450)	(1,450)	(2,900)	$ 2.00		
Options forfeited and expired	(48,300)	(42,433)	(90,733)	$ 2.00		
Outstanding at December 31, 2009	2,548,100	2,403,967	4,952,067	$ 2.24	8.3	$ 39,700,0
Vested and expected to vest at December 31, 2009	2,527,309	2,387,438	4,914,747	$ 2.24	8.3	$ 39,400,0
Exercisable at December 31, 2009	555,940	997,427	1,553,367	$ 2.06	8.2	$ 12,700,0

The weighted average grant-date fair value of options granted during the years ended December 31, 2009 and 2008 was $3.16 and $ years ended December 31, 2009 and 2008, 1,084,547 and 470,770 options vested, respectively, with an aggregate fair value of approxim respectively. No options were exercised in either the years ended December 31, 2009 or 2008.

Stock-based compensation expense was recognized in the consolidated statements of income as follows:

(in thousands)	Years Ended December 31, 2009	2008
Cost of goods sold	$ 101	$ 94
General and administrative	828	1,010
Sales and marketing	97	120
Research and development	183	144
Total stock-based compensation expense	$ 1,209	$ 1,368

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

13. Stock-Based Compensation (Continued)

As stock-based compensation expense recognized in the consolidated statement of income for years ended December 31, 2009 and ultimately expected to vest, it was reduced for estimated pre-vesting forfeitures as required.

The Company did not realize an income tax benefit relating to stock options for year ended December 31, 2008. The Company reco $7,000 for the year ended December 31, 2009. As of December 31, 2009, there was approximately $2.4 million of total unrecognized co vested stock options granted under the 2008 Plan. These costs are expected to be recognized over a weighted-average remaining period o

14. Other Income, net

Other income, net consisted of the following:

	Years Ended December 31,	
(in thousands)	**2009**	**2008**
Foreign currency gains	$ 794	$ 832
Tax indemnification	1,560	2,475
Other income (expense)	366	(357)
Total other income, net	$ 2,720	$ 2,950

15. Commitments and Contingencies

The Company leases certain buildings, hardware and office space under operating leases. In addition, the Company has entered in to minimum quantities of goods or services have been committed to be purchased on an annual basis. Minimum lease and purchase commit arrangements are as follows (in thousands):

Years ended December 31,	
2010	$ 26,022
2011	33,292
2012	21,757
2013	1,401
2014	545
2015 and thereafter	984
	$ 84,001

Lease expense was $810,000 and $753,000 for the years ended December 31, 2009 and 2008, respectively.

16. 401(k) Plan

The Company maintains a qualified 401(k) plan (the "401(k) Plan") for its U.S. employees. The 401(k) Plan covers U.S. employees requirements. Under the terms of the 401(k) Plan, the employees may elect to make tax-deferred contributions through payroll deduction

16. 401(k) Plan (Continued)

within statutory and plan limits, and the Company may elect to make non-elective discretionary contributions. During 2009, the Compan up to 4.5% of eligible compensation and did not contribute an additional non-elective discretionary match. In 2008, the Company matche of eligible compensation and contributed an additional 4% as the non-elective discretionary match to most employees. The Company ma to the 401(k) Plan for any plan year at its discretion. Expense recognized by the Company for matching contributions related to the 401(k $2.3 million for December 31, 2009 and 2008, respectively. Expense recognized by the Company for the non-elective discretionary matc ended December 31, 2008.

17. Legal Proceedings and Contingencies

From time-to-time the Company is involved in legal and administrative proceedings and claims of various types. While any litigatio uncertainty, management believes that the outcome of such proceedings or claims which are pending or known to be threatened, or all of the opinion of management, to have a material adverse effect on the Company's financial position, cash flow and results.

18. Related Party Transactions

Avista Capital Partners and its affiliates ("Avista"), the majority shareholder of LMI Holdings, provides certain advisory services to advisory services and monitoring agreement. The Company is required to pay an annual fee of $1.0 million and other reasonable and cus paid on a quarterly basis. The initial term of the agreement is seven years. Upon termination, all remaining amounts owed under the agre immediately. There are no outstanding amounts owed at December 31, 2009 or December 31, 2008. The Company also paid a fee of $10 of the acquisition-related services, which has been included as direct acquisition costs.

19. Segment Information

The Company has five operating segments, which are: U.S., Canada, Australia, United Kingdom and Puerto Rico. The Company's s the manufacturing, marketing, selling and distributing of medical imaging products, focused primarily on cardiovascular diagnostic imag 80.5% and 88.6% of consolidated revenues in 2009 and 2008, respectively, and 89.6% and 88.7% of consolidated assets at December 31 2009 and 2008, no single operating segment, outside of the U.S., accounted for more than 10% of total sales, 10% of net income or 10% Company reports the U.S. reporting segment separately and the non-U.S. operating segments as All Other. All goodwill has been allocat

19. Segment Information (Continued)

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

(in thousands)	2009	2008
Revenue		
U.S.	$ 309,007	$ 509,900
All Other	70,244	61,169
Total revenue, including inter-segment	379,251	571,069
Inter-segment revenue	(19,040)	(34,225)
	$ 360,211	$ 536,844
Revenues from external customers		
Cardiolite	$ 95,720	$ 292,522
Technelite	104,462	114,561
DEFINITY	42,321	20,606
Other	47,464	47,986
Total U.S.	289,967	475,675
All Other	70,244	61,169
	$ 360,211	$ 536,844
Operating income/(loss)		
U.S.	$ 43,868	$ 130,871
All Other	6	(5,526)
Total operating income, including inter-segment	43,874	125,345
Inter-segment operating income	9,095	(6,558)
	$ 52,969	$ 118,787
Assets		
U.S.	$ 441,229	$ 468,222
All Other	51,314	59,813
	$ 492,543	$ 528,035
Depreciation and amortization		
U.S.	$ 36,438	$ 68,031
All Other	5,269	5,149
	$ 41,707	$ 73,180
Capital expenditure		

U.S.	$ 6,906	$ 11,573
All Other	1,950	602
	$ 8,856	$ 12,175

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

20. Valuation and Qualifying Accounts

(in thousands)	Balance at Beginning of Fiscal Year	Charged to Costs and Expenses	Deductions From Reserves	Balance a End of Fisc Year
Year ended December 31, 2009:				
Allowance for doubtful accounts	$ 752	$ 63	$ (77)	$ 7
Inventory reserve	1,492	4,126	(2,018)	3,6
Year ended December 31, 2008:				
Allowance for doubtful accounts	$ 1,609	$ 65	$ (922)	$ 7
Inventory reserve	—	5,791	(4,299)	1,4

Amounts charged to deductions from reserves represent the write-off of uncollectible balances.

21. Guarantor Financial Information

On May 10, 2010, Lantheus Medical Imaging, Inc., a wholly owned subsidiary of the Company, issued $250.0 million of 9.750% S "Notes") at face value, net of issuance costs of $6.3 million. The Notes were issued under an indenture, dated May 10, 2010 (the "Indentu were used to repay $77.9 million due under the outstanding credit agreement (see Note 11) and issue a $163.8 million dividend, which ut earnings and $98.1 million of additional paid-in capital, to LMI Holdings to repay a $75.0 million demand note it issued and for LMI Ho of LMI Holdings' Series A Preferred Stock at the accreted value. The Notes mature on May 15, 2017. Interest on the Notes accrues at a r be payable semiannually in arrears on May 15 and November 15, commencing on November 15, 2010.

The Notes are guaranteed by certain of our consolidated subsidiaries (the "Guarantor Subsidiaries"). The guarantees are full and unc The following supplemental financial information sets forth, on a condensed consolidating basis, audited balance sheets as of December audited statements of operations and cash flows for each of the two years in the period ended December 31, 2009 for the Parent, the Issu our other subsidiaries, or the Non-Guarantor Subsidiaries. All subsidiaries are 100% owned by the Company. The supplemental financia investments of the Parent in the Issuer, and the Company's investment in the Guarantor Subsidiary and Non-Guarantor Subsidiaries using

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Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Balance Sheet
December 31, 2009

(in thousands except share data)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Cash and cash equivalents	$ —	$ 21,505	$ —	$ 9,975	$ —	$ 31,4
Accounts receivable, net	—	27,700	—	15,251	—	42,9
Intercompany accounts receivable	—	5,964	—	—	(5,964)	
Inventory	—	13,244	—	6,367	—	19,6
Deferred tax assets	—	1,040	—	127	—	1,1
Other current assets	—	2,713	—	192	—	2,9
Total current assets	—	72,166	—	31,912	(5,964)	98,1
Property, plant and equipment, net	—	88,722	23,435	10,603	—	122,7
Capitalized software development costs	—	4,802	—	—	—	4,8
Goodwill	—	16,818	—	—	—	16,8
Intangibles, net	—	134,166	—	12,845	—	147,0
Deferred tax assets	—	78,900	—	199	—	79,0
Deferred financing costs	—	3,038	—	—	—	3,0
Investment in subsidiaries	310,579	60,811	—	—	(371,390)	
Other long-term assets	—	20,901	—	—	—	20,9
Total assets	$ 310,579	$ 480,324	$ 23,435	$ 55,559	$ (377,354)	$ 492,5
Liabilities and Equity:						
Current portion of long-term debt	$ —	$ 30,000	$ —	$ —	$ —	$ 30,0
Accounts payable	—	16,880	—	3,115	—	19,9
Intercompany accounts payable	—	—	—	5,964	(5,964)	
Accrued expenses	—	15,720	—	2,640	—	18,3
Income tax payable	—	314	—	1,139	—	1,4
Deferred revenue	—	2,673	—	2,077	—	4,7
Total current liabilities	—	65,587	—	14,935	(5,964)	74,5
Asset retirement obligation	—	3,651	—	95	—	3,7
Long-term debt, net of current portion	—	63,649	—	—	—	63,6
Deferred tax liability	—	—	—	2,199	—	2,1
Deferred revenue	—	5,335	—	—	—	5,3

Other long-term liabilities	—	31,523	—	954	—	32,4
Total liabilities	—	169,745	—	18,183	(5,964)	181,9
Equity	310,579	310,579	23,435	37,376	(371,390)	310,5
Total liabilities and equity	$ 310,579	$ 480,324	$ 23,435	$ 55,559	$ (377,354)	$ 492,5

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Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Balance Sheet
December 31, 2008

(in thousands except share data)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets:						
Cash and cash equivalents	$ —	$ 16,118	$ —	$ 4,918	$ —	$ 21,0
Accounts receivable, net	—	54,516	—	16,844	—	71,3
Intercompany accounts receivable	—	14,059	—	70	(14,129)	
Inventory	—	954	—	12,923	—	13,8
Deferred tax assets	—	4,391	—	—	—	4,3
Other current assets	—	9,044	—	(651)	—	8,3
Total current assets	—	99,082	—	34,104	(14,129)	119,0
Property, plant and equipment, net	—	89,779	23,515	10,278	—	123,5
Capitalized software development costs	—	7,262	—	—	—	7,2
Goodwill	—	16,818	—	—	—	16,8
Intangibles, net	—	130,608	—	16,489	—	147,0
Deferred tax assets	—	88,572	—	34	—	88,6
Deferred financing costs	—	5,664	—	—	—	5,6
Investment in subsidiaries	287,809	57,687	—	—	(345,496)	
Other long-term assets	—	19,959	—	—	—	19,9
Total assets	$ 287,809	$ 515,431	$ 23,515	$ 60,905	$ (359,625)	$ 528,0
Liabilities and Equity:						
Current portion of long-term debt	$ —	15,000	$ —	$ —	$ —	15,0
Accounts payable	—	21,580	—	1,533	—	23,1
Intercompany accounts payable	—	17	—	14,112	(14,129)	
Accrued expenses	—	30,167	—	3,379	—	33,5
Income tax payable	—	—	—	—	—	
Deferred revenue	—	168	—	3,484	—	3,6
Deferred tax liability	—	—	—	527	—	5
Total current liabilities	—	66,932	—	23,035	(14,129)	75,8
Asset retirement obligation	—	3,283	—	—	—	3,2
Long-term debt, net of current portion	—	127,751	—	—	—	127,7

Deferred tax liability	—	—	—	3,698	—	3,6
Other long-term liabilities	—	29,656	—	—	—	29,6
Total liabilities	—	227,622	—	26,733	(14,129)	240,2
Equity	287,809	287,809	23,515	34,172	(345,496)	287,8
Total liabilities and equity	$ 287,809	$ 515,431	$ 23,515	$ 60,905	$ (359,625)	$ 528,0

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Income
December 31, 2009

(in thousands)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 301,099	$ —	$ 70,244	$ (19,040)	$ 352,3
License and other revenues	—	7,908	—	—	—	7,9
Total revenues	—	309,007	—	70,244	(19,040)	360,2
Cost of goods sold	—	141,154	—	62,730	(19,040)	184,8
Gross profit	—	167,853	—	7,514	—	175,3
General and administrative expenses	—	33,164	80	2,186	—	35,4
Sales and marketing expenses	—	38,111	—	4,226	—	42,3
Research and development expenses	—	43,535	—	1,096	—	44,6
In-process research and development	—	—	—	—	—	
Operating income	—	53,043	(80)	6	—	52,9
Interest expense	—	(13,458)	—	—	—	(13,4
Interest income	—	14	—	59	—	
Other income, net	—	1,693	—	1,027	—	2,7
Equity in earnings of affiliates	20,352	1,849	—	—	(22,201)	
Income before income taxes	20,352	43,141	(80)	1,092	(22,201)	42,3
Provision for income taxes	—	(22,789)	28	809	—	(21,9
Net income (loss)	$ 20,352	$ 20,352	$ (52)	$ 1,901	$ (22,201)	$ 20,3

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Income
December 31, 2008

(in thousands)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 504,802	$ —	$ 61,163	$ (34,225)	$ 531,7
License and other revenues	—	5,104	—	—	—	5,1
Total revenues	—	509,906	—	61,163	(34,225)	536,8
Cost of goods sold	—	219,812	—	58,909	(34,225)	244,4
Gross profit	—	290,094	—	2,254	—	292,3
Operating expenses						
General and administrative expenses	—	62,922	79	1,908	—	64,9
Sales and marketing expenses	—	40,307	—	5,423	—	45,7
Research and development expenses	—	34,233	—	449	—	34,6
In-process research and development	—	28,240	—	—	—	28,2
Operating income	—	124,392	(79)	(5,526)	—	118,7
Interest expense	—	(30,963)	—	(75)	—	(31,0
Interest income	—	623	—	70	—	6
Other income, net	—	3,478	—	(528)	—	2,9
Equity in earnings (losses) of affiliates	42,786	(5,744)	—	—	(37,042)	
Income before income taxes	42,786	91,786	(79)	(6,059)	(37,042)	91,3
Provision for income taxes	—	(49,000)	28	366	—	(48,6
Net income (loss)	$ 42,786	$ 42,786	$ (51)	$ (5,693)	$ (37,042)	$ 42,7

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Cash Flows
December 31, 2009

	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$ 90,890	$ —	$ 4,893	$ —	$ 95,7
Cash flows from investing activities						
Capital expenditures	—	(6,906)	—	(1,950)	—	(8,8
Asset acquisitions	—	(29,495)	—	—	—	(29,4
Cash used in investing activities	—	(36,401)	—	(1,950)	—	(38,3
Cash flows from financing activities						
Payment on term loan	—	(49,102)	—	—	—	(49,1
Proceeds from line of credit	—	28,000	—	—	—	28,0
Payment of line of credit	—	(28,000)	—	—	—	(28,0
Cash (used in) provided by financing activities	—	(49,102)	—	—	—	(49,1
Effect of foreign exchange rate on cash	—	—	—	2,114	—	2,1
Increase in cash and cash equivalents	$ —	$ 5,387	$ —	$ 5,057	$ —	$ 10,4
Cash and cash equivalents, beginning of year	$ —	$ 16,118	$ —	$ 4,918	$ —	$ 21,0
Cash and cash equivalents, end of year	$ —	$ 21,505	$ —	$ 9,975	$ —	$ 31,4

Lantheus MI Intermediate, Inc. and subsidiaries

Notes to Consolidated Financial Statements (Continued)

21. Guarantor Financial Information (Continued)

Condensed Consolidating Statement of Cash Flows
December 31, 2008

	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Tota
Cash provided by operating activities	$ —	$ 162,820	$ —	$ 15,625	$ —	$ 178
Cash flows from investing activities						
Capital expenditures	—	(11,573)	—	(602)	—	(12
Asset acquisitions	(245,400)	(503,381)	(23,594)	(56,884)	310,602	(518
Cash used in investing activities	(245,400)	(514,954)	(23,594)	(57,486)	310,602	(530
Cash flows from financing activities						
Proceeds from issuance of term loan	—	296,500	—	—	—	296
Payments on term loan	—	(153,749)	—	—	—	(153
Debt issuance costs	—	(11,685)	—	—	—	(11
Proceeds from issuance of common stock	245,400	237,186	23,594	49,822	(310,602)	245
Cash (used in) provided by financing activities	245,400	368,252	23,594	49,822	(310,602)	376
Effect of foreign exchange rate on cash	—	—	—	(3,043)	—	(3
Increase in cash and cash equivalents	$ —	$ 16,118	$ —	$ 4,918	$ —	$ 21
Cash and cash equivalents, beginning of year	$ —	$ —	$ —	$ —	$ —	$
Cash and cash equivalents, end of year	$ —	$ 16,118	$ —	$ 4,918	$ —	$ 21

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Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)	September 30, 2010	December 3 2009
Assets		
Current assets		
Cash and cash equivalents	$ 36,447	$ 31,4
Accounts receivable, net	56,431	42,9
Inventory	23,169	19,6
Deferred tax assets	1,150	1,1
Income tax receivable	1,270	
Other current assets	3,502	2,9
Total current assets	121,969	98,1
Property, plant and equipment, net	119,147	122,7
Capitalized software development costs, net	4,174	4,8
Goodwill	16,818	16,8
Intangibles, net	130,351	147,0
Deferred tax assets	77,827	79,0
Deferred financing costs	10,229	3,0
Other non-current assets	39,024	20,9
Total assets	$ 519,539	$ 492,5
Liabilities and Stockholder's Equity		
Current liabilities		
Current portion of long-term debt	$ —	$ 30,0
Accounts payable	40,834	19,7
Accrued expenses	27,208	18,6
Income tax payable	—	1,4
Deferred revenue	7,750	4,7
Total current liabilities	75,792	74,5
Asset retirement obligation	4,065	3,7
Long-term debt, net of current portion	250,000	63,6
Deferred tax liabilities	1,785	2,1
Deferred revenue	3,334	5,3
Other long-term liabilities	29,202	32,4
Total liabilities	364,178	181,9
Commitments and contingencies		
Stockholder's equity		
Common stock ($0.001 par value, 10,000 shares authorized; 1 share issued and outstanding)	—	

Additional paid-in capital	150,217	247,8
Retained earnings	5,034	63,1
Accumulated other comprehensive income (loss)	110	(4
Total stockholder's equity	155,361	310,5
Total liabilities and stockholder's equity	$ 519,539	$ 492,5

See notes to unaudited condensed consolidated financial statements

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Lantheus MI Intermediate, Inc. and subsidiaries

Condensed Consolidated Statements of Income (Unaudited)

(in thousands)	Nine Months Ended September 30, 2010	2009
Revenues		
Net product revenues	$ 252,995	$ 271,5
License and other revenues	6,162	6,1
Total revenues	259,157	277,6
Cost of goods sold	139,591	139,9
Gross profit	119,566	137,6
Operating expenses		
General and administrative expenses	22,573	27,0
Sales and marketing expenses	33,838	30,9
Research and development expenses	34,957	32,1
Total operating expenses	91,368	90,0
Operating income	28,198	47,6
Interest expense	(13,937)	(11,2
Loss on early extinguishment of debt	(3,057)	
Interest income	123	
Other income, net	532	3,1
Income before income taxes	11,859	39,5
Provision for income taxes	(4,265)	(21,5
Net income	$ 7,594	$ 18,0

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)	Nine months ended September 30, 2010	2009
Cash flow from operating activities		
Net income	$ 7,594	$ 18,0
Adjustments to reconcile net income to cash flow from operating activities		
Depreciation	8,450	7,8
Amortization	17,835	23,1
Amortization of deferred financing charges	1,391	2,6
Write-off of deferred financing charges	2,278	
Provision for excess and obsolete inventory	2,281	3,8
Stock-based compensation	397	7
Deferred income taxes	893	9,6
Accretion of asset retirement obligation	319	2
Long-term income tax receivable	3,750	(2,2
Long-term income tax payable	(3,275)	2,2
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	(13,442)	21,2
Prepaid expenses and other assets	(588)	4,2
Inventory	(27,740)	(11,8
Deferred revenue	1,001	9,0
Accounts payable	21,131	3,3
Income tax payable	(2,723)	(3,1
Accrued expenses and other liabilities	7,341	(12,4
Cash provided by operating activities	26,893	76,7
Cash flows from investing activities		
Capital expenditures	(5,169)	(6,1
Asset acquisitions	(215)	(29,4
Cash used in investing activities	(5,384)	(35,5
Cash flows from financing activities		
Proceeds from issuance of debt, net	243,658	
Payments on term loan	(93,649)	(49,1
Proceeds from line of credit	—	28,0
Payments on line of credit	—	(20,7
Payments of debt issuance costs	(3,278)	
Payment of dividend	(163,776)	

Cash used in by financing activities	(17,045)	(41,8
Effect of foreign exchange rate on cash	503	1,0
Increase in cash and cash equivalents	4,967	4
Cash and cash equivalents, beginning of period	31,480	21,0
Cash and cash equivalents, end of period	$ 36,447	$ 21,4
Supplemental disclosure of cash flow information		
Interest paid	$ 2,720	$ 8,7
Income taxes paid	$ 5,043	$ 4,6

See notes to unaudited condensed consolidated financial statements

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1. Description of Business and Basis of Presentation

Description of Business

On January 8, 2008, Lantheus MI Holdings, Inc. ("LMI Holdings") acquired the Bristol-Myers Squibb ("BMS") Medical Imaging b price of $518.7 million, including transaction costs of $14.7 million. The business, now known as Lantheus MI Intermediate, Inc. and its "Company" or "Lantheus"), was purchased through a stock and asset purchase agreement, in which LMI Holdings purchased the stock fo and certain assets and liabilities for $30.8 million. The acquisition included employees in the United States and other countries dedicated patent and developed technology and certain other assets, including the manufacturing facilities located in North Billerica, Massachusetts subsidiary of LMI Holdings.

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

The Company's principal products include:

- Cardiolite®—a myocardial perfusion imaging agent;
- DEFINITY®—an ultrasound contrast agent;
- TechneLite®—a generator that provides the radioisotope used to radiolabel Cardiolite and other radiopharmaceuticals.

In the U.S., Cardiolite, DEFINITY and TechneLite are marketed through an internal sales force and sold through distributors to radi Radiopharmacies reconstitute certain of the products into patient specific unit dose syringes which are then sold directly to hospitals and recently launched Ablavar®, a magnetic resonance angiography ("MRA") agent, which is currently marketed primarily through a contrac Internationally, these products are marketed through an internal sales force and sold through Company-owned radiopharmacies in certain distributors.

Basis of Presentation

The condensed consolidated balance sheet as of September 30, 2010, the condensed consolidated statements of income for the nine- September 30, 2010 and 2009 and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for inte accordance with Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not include all of the in required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements are unaudited but include which Company management believes to be necessary for fair presentation of the periods presented. The results of the Company's operat necessarily indicative of the results of the Company's operations for any other interim period or for a full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP hav
These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements a
financial statements for the year ended December 31, 2009. The balance sheet as of December 31, 2009 has been derived from the audite
but

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1. Description of Business and Basis of Presentation (Continued)

does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All interc have been eliminated in consolidation.

Certain amounts in prior periods have been reclassified to conform to current presentation.

Subsequent Events

The Company has evaluated subsequent events through December 23, 2010, the date that the Company's consolidated financial stat

In December 2010, the Company filed suit against one of its insurance carriers, seeking to recover business interruption losses assoc shutdown and the ensuing global Moly supply challenge. The claim is the result of the shut-down of the NRU reactor in Chalk River, On line from May 2009 until August 2010 due to a "heavy water" leak in the reactor vessel. Historically, the Company's largest supplier of M relied on the NRU reactor. The business interruption claim is based on estimated business interruption losses.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumpt amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses d more significant estimates reflected in the Company's financial statements include certain judgments regarding revenue recognition, good asset valuations, inventory valuation and consideration of potential losses on purchase commitments, asset retirement obligations, reserv deferred tax assets and liabilities, accrued expenses and stock-based compensation. Actual results could materially differ from those estim

Revenue Recognition

The Company recognizes revenue when evidence of an arrangement exists, title has passed, substantially all the risks and rewards o customer, the selling price is fixed or determinable, and collectibility is reasonably assured. For transactions for which revenue recognitio the respective amounts are recorded as deferred revenue until such point in time the criteria are met and revenue can be recognized. Reve which consist of allowances for returns, sales rebates, and chargebacks.

Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whe stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. Supply a the charge of a nonrefundable initial fee with subsequent periodic payments for future products or services. The up-front fees, even if non revenue is recognized) as the products and/or services are delivered and performed over the term of the arrangement.

In January 2010, the Company launched a new medical imaging product, Ablavar, which was acquired by the Company in April 20
assured that the price was fixed and determinable and due to the inability to reasonably estimate product returns, the Company has defer
revenue relating to Ablavar shipments, associated with its

2. Summary of Significant Accounting Policies (Continued)

distributor arrangement. The corresponding cost has been recorded in inventory as of September 30, 2010. The Company is recognizing
arrangement on the sell-through method.

Goodwill, Intangibles and Long-Lived Assets

Goodwill is not amortized but the carrying value is tested annually for impairment at October 31 as well as whenever events or char
the carrying amount may not be recoverable. The Company performs this test by comparing the fair value of the reporting unit containin
including goodwill. If the fair value exceeds the carrying value, goodwill is not impaired. If the carrying value exceeds the fair value, the
potential impairment loss by comparing the implied fair value of goodwill with the carrying value of the goodwill. If the implied fair valu
carrying value, then an impairment charge would be recorded. The Company calculates the fair value of our reporting units using the inc
discounted forecasted future cash flows and the market approach which utilizes fair value multiples of comparable publicly traded compa
are based on the Company's most recent long-term financial projections and are discounted using a risk adjusted rate of return which is d
market participant risk-adjusted weighted-average costs of capital and reflects the risks associated with achieving future cash flows. The
using the guideline company method, where the Company uses market multiples derived from stock prices of companies engaged in the
combination of the two methods is utilized to derive the fair value of the business in order to decrease the inherent risk associated with ea
the fair value were to decline, the Company may be required to incur material charges relating to the impairment of those assets.

The Company performs impairment testing for intangible and long-lived assets whenever events or changes in circumstances sugge
or group of assets may not be recoverable. The Company measures the recoverability of assets to be held and used by comparing the carr
undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment equals th
amount of the assets exceeds the fair value of the assets. Any impairments are recorded as permanent reductions in the carrying amount o

Foreign Currency

The statements of income of the Company's foreign subsidiaries are translated into U.S. dollars using average exchange rates. The n
subsidiaries are translated into U.S. dollars using the end of period exchange rates. The impact from translating the net assets of these sul
recorded in the foreign currency translation adjustment account, which is included in accumulated other comprehensive income (loss), w

Foreign currency transaction gains and losses are recognized as they occur within earnings. For the nine months ended September 3
loss of approximately $415,000, resulting from foreign currency transactions. For the nine months ended September 30, 2009, the Compa
approximately $337,000, resulting from foreign currency transactions. These gains or losses are reported as a component of other income

Accounting for Stock-Based Compensation

The Company's stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized
service period, which generally represents the vesting period, and includes an estimate of the awards that will be forfeited. The Company
model for estimating the fair value of stock options. The fair

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2. Summary of Significant Accounting Policies (Continued)

value of stock option awards is affected by the valuation assumptions, including the expected volatility based on comparable market part
option, risk-free interest rate and expected dividends. When a contingent cash settlement of vested options becomes probable, the Compa
a liability and accounts for any incremental compensation cost in the period in which the settlement becomes probable.

Recent Accounting Standards

In October 2009, the Financial Accounting Standards Board ("FASB") issued an update to the accounting standard for revenue reco
arrangements, which in certain instances requires companies to allocate revenue in arrangements involving multiple deliverables based o
each deliverable, even though such deliverables are not sold separately either by the company itself or other vendors. This standard elimi
undelivered elements must have objective and reliable evidence of fair value before a company can separate the portion of the overall arr
items that already have been delivered. The Company will adopt this standard in the first quarter of 2011 and the adoption is not expecte
consolidated financial statements.

3. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction betwee
measurement date. In order to increase consistency and comparability in fair value measurements, financial instruments are categorized b
observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to a

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets
active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.) and inputs that ar
corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would use in
Company develops these inputs based on the best information available, including its own data.

The Company's financial assets that are measured at fair value on a recurring basis are comprised of U.S. governmental agency and
classified as cash equivalents. The Company invests excess cash from its operating cash accounts in overnight investments and reflects th
equivalents on the consolidated balance sheet using quoted prices in active markets for identical assets (Level 1).

(in thousands)	Total fair value at September 30, 2010	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significan unobservab inputs (Level 3)
Cash equivalents				
U.S. Treasuries	$ 22,443	$ 22,443	$ —	$

Money Market	2,994	2,994	—	
	$ 25,437	$ 25,437	$ —	$

3. Fair Value of Financial Instruments (Continued)

(in thousands)	Total fair value at December 31, 2009	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significan unobservab inputs (Level 3)
Cash equivalents				
U.S. Treasuries	$ 21,937	$ 21,937	$ —	$
Money Market	2,002	2,002	—	
	$ 23,939	$ 23,939	$ —	$

In addition, at September 30, 2010 and December 31, 2009, the Company had approximately $11.0 million and $7.5 million,

The estimated fair values of the Company's financial instruments, including cash and cash equivalents, receivables, accounts payabl approximate the carrying values of these instruments due to their short term nature.

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 rate varies from the statutory rate principally due to the rate impact of uncertain tax positions and state taxes. Cumulative adjustments to the interim period in which a change in the estimated annual effective rate is determined. The Company's tax expense was $4.3 million a months ended September 30, 2010 and September 30, 2009, respectively, on pre-tax income of $11.9 million and $39.6 million for the re

The Company has a tax indemnification agreement with BMS related to certain tax obligations arising prior to the acquisition of the has the primary legal obligation. The tax indemnification receivable is recognized within other noncurrent assets. The changes in the tax recognized within other income, net in the statement of income. In accordance with the Company's accounting policy, the change in the t interest associated with these obligations (net of any offsetting federal or state benefit) is recognized within the tax provision. According adjustments are included in the tax provision while the offsetting adjustment is included in other income. Assuming that the receivable fr considered recoverable by the Company, there is no net effect on earnings related to these liabilities and no net cash outflows.

During the nine months ended September 30, 2010, BMS, on behalf of the Company, made payments totaling $4.6 million to two st state income tax filings. As a result of these payments, the amount due from BMS, included within other non-current assets, and the inco other long-term liabilities, decreased by $5.1 million, which represents the total cash payments of $4.6 million and a reduction in the rese difference between amounts paid and amounts originally estimated. There were no resolutions associated with uncertain state tax positio

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5. Inventory

Inventory, classified in inventory or other non-current assets, consisted of the following:

(in thousands)	September 30, 2010	December 3 2009
Raw materials	$ 6,758	$ 6,7
Work in process	7,781	1,8
Finished goods	8,630	11,0
Inventory	$ 23,169	$ 19,6
Other non-current assets	21,873	
	$ 45,042	$ 19,6

Reserves for excess and obsolete inventory were $3.2 million and $3.6 million, as of September 30, 2010 and December 31, 2009, r

At September 30, 2010 and December 31, 2009 the balances of inventory on hand reflect approximately $25.4 million and $6.0 mil products and raw materials related to Ablavar, which is a product that the Company commercially launched in January 2010. At Septemb $21.9 million was included in other non-current assets. The Company entered into an agreement with a supplier to provide Active Pharm finished products for Ablavar under which the Company is required to purchase quarterly minimum quantities ranging from $6.3 million through September 2012. The supply agreement is designed to ensure supply of the product. At September 30, 2010, the total of this rem commitment was approximately $56 million. In addition to the minimum commitment, the Company, at its discretion, can manufacture A additional charge per vial. The Company records the inventory when it takes delivery, at which time the Company assumes title and risk within current assets the amount of inventory that will be utilized within twelve months. Inventory that will be utilized after twelve mont current assets.

As noted above, Ablavar, an MRA agent, was commercially launched in January 2010. The Company is still addressing the marketi the expected market penetration. The revenues for this product through September 30, 2010 have not been significant. Based on the expe management's estimates of projected sales, coupled with the potential aggregate 6 year shelf life of the finished product and the API, the able to use its committed supply. In the event that the Company does not meet its sales expectations for Ablavar or cannot sell the produc purchase prior to its expiration, the Company could incur inventory losses and/or losses on its purchase commitments.

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6. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

(in thousands)	September 30, 2010	December 3 2009
Land	$ 22,450	$ 22,4
Buildings	61,266	60,6
Machinery, equipment and fixtures	58,443	55,9
Construction in progress	6,688	4,9
Accumulated depreciation	(29,700)	(21,2
Property, plant and equipment, net	$ 119,147	$ 122,7

7. Asset Retirement Obligations

The fair value of a liability for asset retirement obligations is recognized in the period in which the liability is incurred. The liability obligation when incurred and is adjusted in subsequent periods as accretion expense is recorded. The corresponding asset retirement cost carrying value of the related long-lived assets and depreciated over the asset's useful life.

The Company considered in its measurement of the obligation its U.S. legal obligation to remediate its facilities upon a decommissi operations as an asset retirement obligation. The U.S. operations of the Company have radioactive production facilities at its North Biller Puerto Rico sites.

The following is a reconciliation of the Company's asset retirement obligations for the nine months ended September 30, 2010:

(in thousands)	
Balance at January 1, 2010	$ 3,746
Capitalization	—
Accretion expense	319
Balance at September 30, 2010	$ 4,065

8. Intangibles, net

Intangibles, net consisted of the following:

	September 30, 2010				
(in thousands)	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortiz Meth
Trademarks	$ 53,390	$ 9,452	$ 43,938	16 years	Straight

Customer relationships	113,480	58,045	55,435	19 years	Accele
Patent rights, know-how	29,710	4,146	25,564	11 years	Straight
Patents	42,780	37,366	5,414	2 years	Straight
	$ 239,360	$ 109,009	$ 130,351		

8. Intangibles, net (Continued)

(in thousands)	December 31, 2009				
	Cost	Accumulated amortization	Net	Weighted Average Useful Life	Amortiz Meth
Trademarks	$ 53,390	$ 6,856	$ 46,534	16 years	Straight
Customer relationships	113,480	46,453	67,027	19 years	Accele
Patent rights, know-how	29,495	2,069	27,426	11 years	Straight
Patents	42,780	36,756	6,024	2 years	Straight
	$ 239,145	$ 92,134	$ 147,011		

On April 6, 2009, the Company acquired the U.S., Canadian and Australian territory rights to a Gadolinium-based blood pool contra as Vasovist®), from EPIX Pharmaceuticals, Inc. for an aggregate purchase price of $32.6 million, including drug product and active pha Ablavar was approved by the FDA in December 2008 and commercially launched by the Company in early January 2010 after final FDA June 2010, the Company acquired the rest of world rights of Ablavar for an aggregate purchase price of $215,000.

These acquisitions were accounted for as asset purchases and consisted of $28.2 million in patents, $500,000 in manufacturing know party, and $4.1 million in inventory. The acquired patents are being amortized over approximately 11 years which approximates the expe know-how is being amortized over 3.5 years, which represents the expected useful term of such know-how. In conjunction with the acqu capitalized $1.0 million in legal and other related costs which are being amortized over the expected patent life. The Company recorded a intangible assets of $16.8 million for the nine months ended September 30, 2010.

Expected future amortization expense related to the intangible assets is as follows (in thousands):

Remainder of 2010	$ 5,6
2011	19,8
2012	15,3
2013	13,5
2014	12,2
2015 and thereafter	63,5
	$ 130,3

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9. Accrued Expenses

Accrued expenses are comprised of the following:

(in thousands)	September 30, 2010	December 3 2009
Compensation and benefits	$ 5,271	$ 7,8
Accrued interest	9,615	2
Accrued professional fees	3,506	2,0
Research and development services	2,119	2,6
Freight and distribution	3,301	3,6
Marketing expense	1,666	1,1
Accrued rebates	1,196	4
Other	534	6
	$ 27,208	$ 18,6

10. Financing Arrangements

On May 10, 2010, Lantheus Medical Imaging, Inc. (the "Issuer"), a wholly-owned subsidiary of the Company, issued $250.0 millio 2017 (the "Notes" or "Refinancing") at face value, net of issuance costs of $6.3 million. The Notes were issued under an indenture, dated The Notes mature on May 15, 2017. Interest on the Notes will accrue at a rate of 9.750% per annum and will be payable semiannually in November 15, commencing on November 15, 2010. The net proceeds of the Notes were used to repay $77.9 million due under the outsta Issuer and to pay a $163.8 million dividend, which utilized $65.7 million of retained earnings and $98.1 million of additional paid-in cap $75.0 million demand note it issued and for LMI Holdings to repurchase $90.0 million of LMI Holdings' Series A Preferred Stock at the

Registration Rights

In connection with the issuance of the Notes, the Issuer and the guarantors (including the Company) entered into a registration right with the initial purchasers of the Notes. Under the terms of the registration rights agreement, the Issuer and the guarantors are required to Exchange Commission an exchange offer registration statement and use commercially reasonable efforts to cause the exchange offer to b 365 days following the issuance of the Notes, or by May 10, 2011, thereby enabling holders to exchange the Notes for registered Notes w the terms of the original Notes. If the notes remain unregistered after 365 days, the interest rate shall increase 0.25% per annum for 90 da by 0.25% per annum for each 90 day period thereafter.

Redemption

The Issuer can redeem the Notes at 100% of the principal amount on May 15, 2016 or thereafter. The Issuer may also redeem the N depending on the timing of the redemption during the twelve month period beginning May 15 of each of the years indicated below:

Year	Percentage
2014	104.875%

2015	102.438%
2016	100.000%

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10. Financing Arrangements (Continued)

In addition, at any time prior to May 15, 2013, the Issuer may, at its option, redeem up to 35% of the aggregate principal amount of principal amount thereof, plus accrued and unpaid interest and, if the notes remain unregistered, additional interest (as defined in the Inde including, the redemption date, subject to the right of holders of record on such date to receive any interest due, using proceeds of an equ 65% of the aggregate principal amount of the Notes remains outstanding immediately after such redemption and that such redemption oc offering (as defined in the Indenture).

At any time prior to May 15, 2014, the Issuer may also redeem all or a part of the Notes, with notice, at a redemption price equal to thereof of the Notes redeemed plus the applicable premium (as defined in the Indenture) as of, and accrued and unpaid interest and additi Indenture), if any, to, but not including, the redemption date, subject to the rights of holders of record on the relevant record date to recei interest payment date.

Upon a change of control (as defined in the Indenture), the Company will be required to make an offer to purchase each holder's No principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

If the Issuer or its subsidiaries engage in asset sales (as defined in the Indenture), they generally must either invest the net cash proc business within a specified period of time, prepay certain indebtedness or make an offer to purchase a principal amount of the Notes equa (as defined in the Indenture), subject to certain exceptions.

The Notes are unsecured and are equal in right of payment to all of the existing and future senior debt, including borrowing under it the security interest thereof. The Issuer's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, on a Company and by certain of the Issuer's subsidiaries, and the obligations of such guarantors under their guarantees are equal in right of pa future senior debt.

Revolving Line of Credit

In connection with the Refinancing, the Issuer's previous revolving line of credit was replaced with a new $42.5 million revolving c ability to request the lenders to increase the facility by an additional amount of up to $15.0 million at the discretion of the Lenders. Intere will be at either LIBOR plus 4% or the Reference Rate (as defined in the Credit Agreement) plus 3%.

At September 30, 2010, there were no amounts outstanding under the Revolver and our aggregate borrowing capacity was $42.5 mi

Covenants

The Indenture and the credit agreement that governs the Revolver, contain affirmative and negative covenants, as well as restriction Issuer and the Issuer's subsidiaries: to (i) incur additional indebtedness or issue preferred stock; (ii) repay subordinated indebtedness prio dividends on, repurchase or make distributions in respect of its capital stock or make other restricted payments; (iv) make certain investm (vi) create liens; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and (viii) enter into certain tran Company is required

10. Financing Arrangements (Continued)

to comply with financial covenants, including total leverage ratio and interest coverage ratio, beginning with the quarter ended Septembe
the amount of capital expenditures. The financial ratios are driven by the Company's earnings before interest, taxes, depreciation and am
leverage ratio is the financial covenant that is currently the most restrictive.

Financing Costs

The Issuer incurred and capitalized $10.9 million in direct financing fees, consisting primarily of underwriting fees and expenses, le
printing costs in connection with the transaction. At September 30, 2010, this total included approximately $1.2 million of accrued costs.
amortized over the life of the Notes and the Revolver, as appropriate, using the effective-interest method.

In connection with the Refinancing, the Company incurred a loss on the extinguishment of debt of approximately $3.1 million, whic
of deferred financing charges of $2.3 million and a prepayment penalty of approximately $779,000.

11. Stock-Based Compensation

The Company's employees are eligible to receive awards from the LMI Holdings 2008 Equity Incentive Plan, as amended (the "200
administered by the LMI Holdings Board of Directors. The 2008 Plan permits the granting of nonqualified stock options, stock appreciat
stock and restricted stock units to its employees, officers, directors and consultants of the Company or any subsidiary of the Company. T
may be issued pursuant to awards under the 2008 Plan at September 30, 2010 is 5,010,100. Option awards are granted with an exercise p
Holdings' stock at the date of grant. Time based option awards vest generally over five years, and performance based option awards vest
certain annual EBITDA targets over a five-year period. The Company recognizes compensation costs for its time based awards on a strai
period. The compensation cost for performance based awards is recognized on a graded vesting basis, based on the probability of achievi
requisite service period for the entire award. The fair value of each option award was estimated on the date of grant using a Black-Schole
assumptions noted in the following table. Expected volatilities are based on the historical volatility of a selected peer group. The expecte
period of time that options granted are expected to be outstanding based on a combination of the Company's historical option patterns an
actions. The risk-free interest rate assumption is the seven-year U.S. Treasury rate at the date of the grant which most closely resembles t

	Nine Months Ended September 30,	
	2010	2009
Expected volatility	36 - 39%	41 - 42%
Expected dividends	—	—
Expected life (in years)	6.5	6.5
Risk-free interest rate	2.2 - 3.3%	2.4 - 3.4%

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11. Stock-Based Compensation (Continued)

A summary of option activity for 2010 is presented below:

Options	Time Based	Performance Based	Total Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregat Intrinsi Value (in thousar
Outstanding at January 1, 2010	2,548,100	2,403,967	4,952,067	$ 2.24	8.3	$ 39
Options granted	146,000	146,000	292,000	$ 10.26		
Options exercised	(7,500)	(7,500)	(15,000)	$ 2.00		
Options cancelled	(10,000)	—	(10,000)	$ 2.00		
Options forfeited and expired	(273,750)	(270,398)	(544,148)	$ 2.06		
Outstanding at September 30, 2010	2,402,850	2,272,069	4,674,919	$ 2.76	7.7	$ 35
Vested and expected to vest at September 30, 2010	2,402,336	2,253,435	4,655,771	$ 2.76	7.6	$ 34
Exercisable at September 30, 2010	954,260	890,514	1,844,774	$ 2.12	7.5	$ 15

The weighted average grant-date fair value, as calculated under the Black-Scholes model, of options granted during the nine months $4.47. The weighted average grant-date fair value of options granted during the nine months ended September 30, 2009 was $3.14. In the 2010, 15,000 options were exercised with an intrinsic value of approximately $124,000. No options were exercised in the nine months en

Stock-based compensation expense (benefit) was recognized in the consolidated statements of income as follows:

	Nine Months Ended September 30,	
(in thousands)	2010	2009
Cost of goods sold	$ 21	$ 53
General and administrative	136	504
Sales and marketing	68	68
Research and development	172	81
Total stock-based compensation expense	$ 397	$ 706

Stock-based compensation expense (benefit) recognized in the consolidated statement of income for nine months ended September awards ultimately expected to vest. The expense (benefit) is adjusted for estimated pre-vesting forfeitures and probability of vesting of p

As of September 30, 2010, there was approximately $2.7 million of total unrecognized compensation costs related to non-vested sto Plan. These costs are expected to be recognized over a weighted-average remaining period of 2.4 years, assuming performance criteria ar

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12. Comprehensive Income (Loss)

The components of comprehensive income (loss) are as follows:

	Nine Months Ended September 30,	
(in thousands)	2010	2009
Net income (loss)	$ 7,594	$ 18,027
Changes in accumulated other comprehensive income:		
Unrealized foreign currency translation gains	552	1,079
Total comprehensive (loss) income	$ 8,146	$ 19,106

13. Stockholders' Equity

The changes in consolidated stockholders' equity for the nine months ended September 30, 2010 are as follows:

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Stockholde
(in thousands, except share data)	Shares	Amount	Capital	Earnings	Income (Loss)	Equity
Balance at January 1, 2010	1	$ —	$ 247,883	$ 63,138	$ (442)	$ 310,
Dividend paid to LMI Holdings (see Note 10)	—	—	(98,078)	(65,698)		(163,
Comprehensive income						
Net income	—	—	—	7,594	—	7,
Foreign currency translation, net of tax	—	—	—	—	552	
Total other comprehensive income						$ 8,
Stock-based compensation	—	—	412	—	—	
Balance at September 30, 2010	1	$ —	$ 150,217	$ 5,034	$ 110	$ 155,

14. Legal Proceedings and Contingencies

From time to time the Company is involved in legal and administrative proceedings, investigations or claims of various types. Whil element of uncertainty, management believes that the outcome of such proceedings, investigations or claims which are pending or known aggregate, are not expected, in the opinion of management, to have a material adverse effect on the Company's financial position, cash fl

15. Related Party Transactions

Avista Capital Partners and its affiliates ("Avista"), the majority shareholder of LMI Holdings, provide certain advisory services to t advisory services and monitoring agreement. The Company is required to pay an annual fee of $1.0 million and other reasonable and cus

paid on a quarterly basis. The initial term of the agreement is seven years. Upon termination, all remaining amounts owed under the agre immediately. There are no outstanding amounts owed at September 30, 2010 or December 31, 2009.

Effective June 30, 2009, the Company entered into a Master Services Agreement with Quintiles Commercial US, Inc. ("Quintiles") to provide a contract sales force

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15. Related Party Transactions (Continued)

in connection with the launch and promotion of Ablavar. As of September 30, 2010, the Company has incurred costs associated with this $3.8 million. The Master Services Agreement was extended on June 11, 2010 and will be terminated as of December 31, 2010. A son of Board was a Director of Business Development for Quintiles during part of the term of the agreement. He left Quintiles in June 2010 pri

In March 2010, the Company engaged a tax and financial services consulting firm, to advise the Company about compliance require Act. As of September 30, 2010, we have incurred costs associated with this engagement of approximately $150,000. A son of the Compa Information Technology and Treasurer, is a Vice President of the consulting firm.

16. Segment Information

The Company has five operating segments, which are: United States, Canada, Australia, United Kingdom and Puerto Rico. The Co through the manufacturing, marketing, selling and distribution of medical imaging products, focused primarily on cardiovascular diagnos ended September 30, 2010 and 2009, no single operating segment, other than the United States, accounted for more than 10% of total sal 10% of total assets. Accordingly, the Company reports the U.S. reporting segment separately and the non-U.S. operating segments as All

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

	Nine Months Ended September 30,	
(in thousands)	**2010**	**2009**
Revenue		
U.S.	$ 225,244	$ 247,980
All Other	57,030	51,215
Total revenue, including inter-segment	282,274	299,195
Less: Inter-segment revenue	(23,117)	(21,520)
	$ 259,157	$ 277,675
Revenues by product from external customers		
Cardiolite	$ 40,105	$ 76,942
TechneLite	77,520	85,493
DEFINITY	43,459	29,870
Other	41,043	34,155
U.S.	202,127	226,460
All Other	57,030	51,215
	$ 259,157	$ 277,675
Operating income (loss)		
U.S.	$ 25,451	$ 47,599
All Other	3,675	(6,202)

Total operating income, including inter-segment	29,126	41,397
Inter-segment operating income (loss)	(928)	6,213
	$ 28,198	$ 47,610

16. Segment Information (Continued)

Asset information for the Company's reportable segments as of September 30, 2010 and December 31, 2009 is as follows (in thousa

	September 30, 2010	December 3 2009
Assets		
U.S.	$ 467,216	$ 441,2
All Other	52,323	51,3
	$ 519,539	$ 492,5
Long-lived Assets		
U.S.	$ 249,297	$ 267,9
All Other	21,193	23,4
	$ 270,490	$ 291,3

No individual country includes assets or long-lived assets of greater than 10% other than the U.S.

17. Guarantor Financial Information

The 9.75% senior subordinated notes due 2017 (see Note 10) are guaranteed by certain of our consolidated subsidiaries (the "Guara are full and unconditional and joint and several. The following supplemental financial information sets forth, on a condensed consolidati of September 30, 2010, and the related unaudited statements of operations and cash flows for the nine month-periods ended September 3 Issuer, the Guarantor Subsidiary and our other subsidiaries, or the Non-Guarantor Subsidiaries. The supplemental financial information r Parent in the Issuer, and the Company's investment in the Guarantor Subsidiary and Non-Guarantor Subsidiaries using the equity metho

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Condensed Consolidating Balance Sheet (Unaudited)

September 30, 2010

(in thousands except share data)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Assets						
Cash and cash equivalents	$ —	22,727	$ —	$ 13,720	$ —	$ 36,4
Accounts receivable, net	—	41,729	—	14,702	—	56,4
Intercompany accounts receivable	—	8,755	—	—	(8,755)	
Inventory	—	15,211	—	7,958	—	23,1
Deferred tax assets	—	1,063	—	87	—	1,1
Income tax receivable	—	1,770	—	(500)	—	1,2
Other current assets	—	3,183	—	319	—	3,5
Total current assets	—	94,438	—	36,286	(8,755)	121,9
Property, plant and equipment, net	—	85,387	23,375	10,385	—	119,1
Capitalized software development costs	—	4,166	—	8	—	4,1
Goodwill	—	16,818	—	—	—	16,8
Intangibles, net	—	119,551	—	10,800	—	130,3
Deferred tax assets	—	77,738	—	89	—	77,8
Deferred financing costs	—	10,229	—	—	—	10,2
Investment in subsidiaries	155,361	62,381	—	—	(217,742)	
Other long-term assets	—	39,024	—	—	—	39,0
Total assets	$ 155,361	$ 509,732	$ 23,375	$ 57,568	$ (226,497)	$ 519,5
Liabilities and equity						
Accounts payable	—	38,681	—	2,153	—	40,8
Intercompany accounts payable	—	—	—	8,755	(8,755)	
Accrued expenses	—	24,635	—	2,573	—	27,2
Deferred revenue	—	5,567	—	2,183	—	7,7
Total current liabilities	—	68,883	—	15,664	(8,755)	75,7
Asset retirement obligation	—	3,957	—	108	—	4,0
Long-term debt, net of current portion	—	250,000	—	—	—	250,0
Deferred tax liability	—	(4)	—	1,789	—	1,7
Deferred revenue	—	3,334	—	—	—	3,3
Other long-term liabilities	—	28,201	—	1,001	—	29,2
Total liabilities	—	354,371	—	18,562	(8,755)	364,1
Equity	155,361	155,361	23,375	39,006	(217,742)	155,3
Total liabilities and equity	$ 155,361	$ 509,732	$ 23,375	$ 57,568	$ (226,497)	$ 519,5

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Condensed Consolidating Statement of Income (Unaudited)

Nine Months Ended September 30, 2010

(in thousands except share data)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 219,082	$ —	$ 57,030	$ (23,117)	$ 252,9
License and other revenues	—	6,162	—	—	—	6,1
Total revenues	—	225,244	—	57,030	(23,117)	259,1
Cost of goods sold	—	115,484	—	47,224	(23,117)	139,5
Gross profit	—	109,760	—	9,806	—	119,5
Operating expenses						
General and administrative expenses	—	20,477	60	2,036	—	22,5
Sales and marketing expenses	—	30,594	—	3,244	—	33,8
Research and development expenses	—	34,106	—	851	—	34,9
Operating income (loss)	—	24,583	(60)	3,675	—	28,1
Interest expense	—	(13,937)	—	—	—	(13,9
Loss on early extinguishment of debt	—	(3,057)	—	—	—	(3,0
Interest income	—	2	—	121	—	1
Other income, net	—	1,005	—	(473)	—	5
Equity in losses (earnings) of affiliates	7,594	2,710	—	—	(10,304)	
Income (loss) before income taxes	7,594	11,306	(60)	3,323	(10,304)	11,8
Provision for income taxes	—	(3,712)	21	(574)	—	(4,2
Net income (loss)	$ 7,594	$ 7,594	$ (39)	$ 2,749	$ (10,304)	$ 7,5

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Condensed Consolidating Statement of Income (Unaudited)

Nine Months Ended September 30, 2009

(in thousands except share data)	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Net product revenues	$ —	$ 241,839	$ —	$ 51,215	$ (21,520)	$ 271,5
License and other revenues	—	6,141	—	—	—	6,1
Total revenues	—	247,980	—	51,215	(21,520)	277,6
Cost of goods sold	—	109,642	—	51,866	(21,520)	139,9
Gross profit	—	138,338	—	(651)	—	137,6
General and administrative expenses	—	25,452	60	1,544	—	27,0
Sales and marketing expenses	—	27,641	—	3,263	—	30,9
Research and development expenses	—	31,372	—	745	—	32,1
Operating income (loss)	—	53,873	(60)	(6,203)	—	47,6
Interest expense	—	(11,214)	—	—	—	(11,2
Interest income	—	12	—	37	—	
Other income, net	—	2,378	—	731	—	3,1
Equity in losses (earnings) of affiliates	18,027	(4,007)	—	—	(14,020)	
Income (loss) before income taxes	18,027	41,042	(60)	(5,435)	(14,020)	39,5
Provision for income taxes	—	(23,015)	21	1,467	—	(21,5
Net income (loss)	$ 18,027	$ 18,027	$ (39)	$ (3,968)	$ (14,020)	$ 18,0

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Condensed Consolidating Statement of Cash Flows (Unaudited)

Nine Months Ended September 30, 2010

	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Tota
Cash provided by operating activities	$ 65,698	$ 22,592	$ —	$ 6,383	$ (67,780)	$ 26
Cash flows from investing activities						
Capital expenditures	—	(4,110)	—	(1,059)	—	(5
Proceeds from dividend	98,078	—	—	—	(98,078)	
Asset acquisitions	—	(215)	—	—	—	
Cash provided by (used in) investing activities	98,078	(4,325)	—	(1,059)	(98,078)	(5
Cash flows from financing activities						
Proceeds from issuance of debt, net	—	243,658	—	—	—	243
Payments on term loan	—	(93,649)	—	—	—	(93
Payments of deferred financing costs	—	(3,278)	—	—	—	(3
Payment of dividend	(163,776)	(163,776)	—	(2,082)	165,858	(163
Cash (used in) provided by financing activities	(163,776)	(17,045)	—	(2,082)	165,858	(17
Effect of foreign exchange rate on cash	—	—	—	503	—	
Increase in cash and cash equivalents	$ —	$ 1,222	$ —	$ 3,745	$ —	$ 4
Cash and cash equivalents, beginning of period	$ —	$ 21,505	$ —	$ 9,975	$ —	$ 31
Cash and cash equivalents, end of period	$ —	$ 22,727	$ —	$ 13,720	$ —	$ 36

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Condensed Consolidating Statement of Cash Flows (Unaudited)

Nine Months Ended September 30, 2009

	Parent	Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
Cash provided by operating activities	$ —	$ 74,202	$ —	$ 2,526	$ —	$ 76,
Cash flows from investing activities						
Capital expenditures	—	(5,133)	—	(968)	—	(6,
Asset acquisitions	—	(29,495)	—	—	—	(29,
Cash used in investing activities	—	(34,628)	—	(968)	—	(35,
Cash flows from financing activities						
Payments on term loan	—	(49,102)	—	—	—	(49,
Proceeds from line of credit	—	28,000	—	—	—	28,
Payment on line of credit	—	(20,700)	—	—	—	(20,
Cash (used in) provided by financing activities	—	(41,802)	—	—	—	(41,
Effect of foreign exchange rate on cash	—	—	—	1,099	—	1,
(Decrease) increase in cash and cash equivalents	$ —	$ (2,228)	$ —	$ 2,657	$ —	$
Cash and cash equivalents, beginning of period	$ —	$ 16,118	$ —	$ 4,918	$ —	$ 21,
Cash and cash equivalents, end of period	$ —	$ 13,890	$ —	$ 7,575	$ —	$ 21,

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Lantheus Medical Imaging, Inc
Billerica, Massachusetts

We have audited the accompanying consolidated balance sheet of Bristol-Myers Squibb Medical Imaging (a division of Bristol-My "Company") as of December 31, 2007, and the related consolidated statement of operations, changes in divisional equity, and cash flows financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial s

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Tho and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Comp were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal contro for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effective control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence su disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well a statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company a results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Uni

As discussed in Note 2 and Note 4 to the financial statements, the Company operates as a division of Bristol-Myers Squibb Compan include transactions with Bristol-Myers Squibb Company and certain of its wholly owned subsidiaries. As a result of these related-party financial statements may not be indicative of the financial position, results of operations, or cash flows that would have resulted if the Co unaffiliated Company.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
September 24, 2008

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Balance Sheet

December 31, 2007

	(In thousand
Assets	
Current assets	
Accounts receivable, net of allowances of $2,011	$ 63,1
Inventory	18,3
Deferred tax assets	2,7
Other current assets	9
Total current assets	85,2
Property, plant and equipment, net	129,1
Capitalized software development costs	7
Intangibles, net	275,7
Deferred tax assets	42,9
Goodwill	1,5
Other assets	3,8
Total assets	$ 539,2
Liabilities and Divisional Equity	
Current liabilities	
Accounts payable	$ 12,2
Accrued liabilities	18,1
Accrued rebates and returns	9,6
Total current liabilities	40,0
Long-term income tax liabilities	25,1
Other long-term liabilities	3,5
Total liabilities	68,8
Commitments and contingencies	
Divisional equity	
Parent's investment	465,7
Accumulated other comprehensive income	4,6
Total divisional equity	470,3
Total liabilities and divisional equity	$ 539,2

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Statement of Operations

For the Year Ended December 31, 2007

	(In thousand
Net product sales	$ 624,4
Other revenue	4,7
Net sales	629,1
Cost of goods sold	207,8
Gross profit	421,2
Selling, general and administration expenses	108,8
Research and development expenses	50,0
Restructuring and other charges, net	9,8
Operating income	252,6
Other expense, net	(4,2
Income before income taxes	248,3
Provision for income taxes	97,0
Net income	$ 151,3

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Statement of Changes in Divisional Equity

Year Ended December 31, 2007

	Parent's Investment	Accumulated Other Comprehensive Income	Total Divisional Equity	Comprehensiv Income
		(In thousands)		
Balance at January 1, 2007	$ 550,344	$ 2,526	$ 552,870	
Comprehensive income				
Net income	151,305	—	151,305	$ 151,3
Foreign currency translation	—	2,074	2,074	2,0
Total comprehensive income				$ 153,3
Transfer to Parent	(235,880)	—	(235,880)	
Balance at December 31, 2007	$ 465,769	$ 4,600	$ 470,369	

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Statement of Cash Flows

For the Year Ended December 31, 2007

	(In thousand
Cash flows from operating activities	
Net income	$ 151,3
Adjustments to reconcile net income to cash flow from operating activities	
Depreciation	9,9
Amortization	61,8
Stock-based compensation	2,3
Deferred income taxes	(12,4
Inventory provision and loss on disposal of assets	1,4
Accretion of asset retirement obligation	2
Increase (decrease) in cash from operating assets and liabilities	
Trade accounts receivable	24,6
Prepaid expenses and other assets	(1
Inventories	(7
Accounts payable	(3,7
Long-term income tax liabilities	6,9
Accrued expenses, rebates and returns, and other liabilities	1,5
Cash provided by operating activities	243,2
Cash flows from investing activities	
Purchases of property, plant and equipment and capitalized software development costs	(4,8
Cash used in investing activities	(4,8
Cash flows from financing activities	
Net transfers to Parent	(235,8
Cash used in financing activities	(235,8
Effect of foreign exchange rate on cash	(2,5
Increase (decrease) in cash and cash equivalents	
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of period	$

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements

December 31, 2007

(In thousands)

1. Description and Sale of Business

Bristol-Myers Squibb Medical Imaging (the "Division" or "MI") based in Billerica, Massachusetts, operates as a division of Bristol- "Parent") and provides medical imaging products primarily focused on cardiovascular diagnostic imaging to nuclear physicians, cardiolo medicine physicians, IDNs/GPOs (Independent Delivery Network/Group Purchasing Organization) and technologists/sonographers work clinics. The Division's products are sold directly and through distributors to hospitals, clinics and radiopharmacies in the U.S., as well as countries.

The Division's principal products include Cardiolite®, a cardiac perfusion imaging agent, DEFINITY®, an ultrasound contrast agen which are utilized in connection with Cardiolite® and other technetium based nuclear imaging agents. In the U.S., the Cardiolite® and T an internal sales force and sold principally to radiopharmacies. Radiopharmacies reconstitute the products into patient specific unit dose directly to hospitals and clinics. Internationally, the products are marketed through an internal sales force and sold through Division-own countries and through distributors.

In October 2007, the Division received notification from the FDA requiring certain "black box" warning label modifications includi requirements for DEFINITY® and similar products within this class of imaging agents. The Division is complying with these requireme

The Division has one manufacturing facility in North Billerica, Massachusetts which produces the TechneLite® generators, Thalliu Cardiolite®, DEFINITY®, and Neurolite® products are packaged in North Billerica and principally manufactured by a third party contra owns radiopharmacies outside the U.S. in Canada (five), Australia (two), and Puerto Rico (two).

Sale of the Business

On December 16, 2007, ACP Lantern Holdings, Inc., ACP Lantern Acquisition, Inc. and Bristol-Myers Squibb Company entered in agreement (the "Agreement") to acquire Bristol-Myers Squibb Medical Imaging. Bristol-Myers Squibb Medical Imaging, Inc., Bristol-M Radiopharmaceuticals, Inc. and certain assets of the Parent and its affiliates relating to the Division including accounts receivable, invent and intellectual property (patents, trademarks, and technology) and certain liabilities were assumed including accounts payable, accrued returns, and other liabilities associated with the Division. The acquisition closed on January 8, 2008, for a total purchase price of approxi

The acquisition included employees in the United States and internationally dedicated to the Division, related product patent and de
assets, including the manufacturing facilities located in North Billerica.

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1. Description and Sale of Business (Continued)

The acquisition did not include BMS' Cardiolite®, DEFINITY®, and Neurolite® production equipment in its Manati, Puerto Rico m Division entered into a toll manufacturing agreement with BMS for the continued production of Cardiolite®.

In connection with the transaction, the Division entered into an agreement to obtain transition related services from BMS. These ser technology and communication systems among others.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements presented include the assets, liabilities, operating results and cash flows of MI. These financial statements h basis using BMS's historical bases in the assets and liabilities and the historical results of the operations of MI. The financial statements h consolidated financial statements and accounting records of BMS, principally from statements and records representing the MI business. been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The statement of operations includes expense allocations for certain corporate functions historically provided to MI by BMS, includ related to corporate functions such as executive oversight, risk management, information technology, accounting, audit, legal, investor re services and employee benefits and incentives, including pension and other post retirement benefits and stock-based compensation arrang statement of operations includes expense allocations relating to the effects of foreign currency derivatives.

Allocations are primarily based on specific identification and the proportion of MI's net sales and headcount to the total consolidated allocations are primarily reflected in marketing, selling and administrative expenses and restructuring charges in the statement of operati MI and BMS consider these allocations to be a reasonable reflection of the utilization of services provided or benefits received. The alloc the expense MI would have incurred as a stand-alone company and the expense allocation methodologies used by BMS may not represen stand alone business. Actual costs that may have been incurred if MI had been a stand-alone company would depend on a number of fact organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as inform infrastructure.

On May 10, 2010, Lantheus Medical Imaging, Inc. (the "Issuer"), a wholly owned subsidiary of the Lantheus MI Intermediate, Inc. $250.0 million of 9.750% Senior Notes due in 2017 (the "Notes") at face value, net of issuance costs of $6.3 million. In connection with Issuer and the guarantors entered into a registration rights agreement dated May 10, 2010, with the initial purchasers of the Notes. Under agreement, the

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

2. Summary of Significant Accounting Policies (Continued)

Issuer and the guarantors are required to file with the Securities and Exchange Commission an exchange offer registration statement.

Guarantor and non guarantor financial information in accordance with Regulation S-X, Rule 3-10, of the Securities and Exchange C Management is unable to provide such information because it is not available or attainable. The information resides with BMS and mana obtain such information. In addition, although the accompanying financial statements represent the predecessor company to the Successo consolidated financial statements of the Successor are materially different from the accompanying financial statements in that there were company for the predecessor company. Lastly, as discussed above, the accompanying financial statements have been prepared on a carve from BMS on a group basis. These allocations were not prepared on a separate subsidiary level. Accordingly, the condensed consolidatin has not been presented. Management has concluded that exclusion of such information is not misleading.

Disclosure relating to valuation and qualifying accounts has not been presented because the information is also not available or attai management concluded that the exclusion of such disclosure is not misleading.

Basis of Consolidation

The financial statements include the accounts of MI. All intra-division balances and transactions have been eliminated.

Divisional Equity

MI operates as a division of BMS. Accordingly certain operating, financing, and investing activities of MI are funded through interc and other operating divisions and subsidiaries. The accompanying balance sheets reflect these amounts in divisional equity.

Use of Estimates

Preparing financial statements in conformity with U.S. GAAP requires management to make certain estimations and assumptions th

assets and liabilities and disclosures of contingent assets and liabilities in the financial statements and the reported amounts of revenues a
in the accompanying carve out financial statements have been allocated in a way that management believes is reasonable and consistent i
financial position, results of operations and cash flows of MI. The most significant assumptions are employed in estimates used in determ
rebate/chargebacks and return accruals, BMS allocations, tax assets and liabilities, legal contingencies as well as in estimates used in app
policy, accounting for stock-based compensation costs, and retirement and postretirement benefits (including the actuarial assumptions).
estimated results and such differences may be material.

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

MI recognizes revenue when evidence of an arrangement exists, title has passed, substantially all the risks and rewards of ownership the selling price is fixed or determinable and collectibility is reasonably assured. Revenue is recognized net of revenue reserves, which c sales rebates, and chargebacks.

Other revenue represents contract manufacturing services related to one of the Division's products. The related costs are included in

Sales Rebates, Chargebacks and Return Accruals

Net product sales include gross sales less sales returns and customer rebates. Sales rebates and return accruals were $9,626 at Decer established in the same period the related revenue was recognized, resulting in a reduction to sales and the establishment of a liability for customer and are included in current liabilities.

An accrual is recorded based on an estimate of the proportion of recorded revenue that will result in a rebate or return based primari experience.

Income Taxes

During the period presented, MI did not file separate tax returns, as the Division was included in the tax grouping of other BMS ent tax jurisdiction. The income tax provision included in these financial statements was calculated based on a separate return methodology, taxpayers in the respective jurisdictions.

The Division does not maintain taxes payable to/from its parent and is deemed to settle the annual current tax balances immediately reflected as changes in divisional equity.

The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. The prov income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from difference bases of the Division's assets and liabilities. Deferred tax assets and liabilities are measured using the currently enacted tax rates that app the years in which those tax attributes are expected to be recovered or paid, and are adjusted for changes in tax rates and tax laws when c

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized a valuation allowance is required often requires significant judgment including the long-range forecast of future taxable income and the e initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

In July 2006, the FASB issued FASB Interpretation Number (FIN) No. 48, *Accounting for Uncertainty in Income Taxes—an interp No. 109*, which, in the case of the

2. Summary of Significant Accounting Policies (Continued)

Division, is effective as of January 1, 2007. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterpri accordance with SFAS No. 109, *Accounting for Income Taxes.* FIN No. 48 requires that all tax positions be evaluated using a recognition attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Differenc tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjus FIN No. 48 also requires expanded disclosure at the end of each annual reporting period including a tabular reconciliation of unrecognize adopted FIN No. 48 on January 1, 2007. As a result of the adoption of this accounting pronouncement, there was no derecognition of pre thus no adjustment was made to the opening balance of divisional equity. Upon the adoption of FIN 48, the Divisions total amount of un 2007, net of deferred income tax benefits and excluding interest and penalties was $8,908. Total interest and penalties was $4,194 as of J

Cash

BMS uses a centralized approach to cash management and financing of operations. No separate cash accounts for MI are maintained the Division have been transferred to BMS, and BMS has funded the Division's disbursement accounts as required. Transfers of available management system are reflected in the financial statement as a component of divisional equity.

Accounts Receivable

Accounts receivable consist of amounts billed and currently due from customers. The Division maintains an allowance for doubtful determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factor be fully reserved when specific collection issues are known to exist, such as pending bankruptcy.

Concentration of Risks and Enterprise Wide Disclosures

Financial instruments which potentially subject the Division to concentrations of credit risk consist principally of trade accounts rec reviews its accounts receivable for collectibility and provides for an allowance for doubtful accounts to the extent that amounts are not ex one customer that represented greater than 10% of the total accounts receivable balance and net sales. Cardinal Health accounted for app

receivable as of December 31, 2007 and accounted for approximately 48% of net sales for the year ended December 31, 2007.

MDS Nordion is the Division's sole supplier of Molybdenum, the primary component of Generators.

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

2. Summary of Significant Accounting Policies (Continued)

The principal product of the Division is Cardiolite®, which accounted for approximately 64% of net product sales for the year ende

Net product sales of the Division in the U.S. accounted for approximately 84% of total net revenue for the year ended December 31 Division in the U.S. accounted for approximately 96% of total long-lived assets for the year ended December 31, 2007.

Inventories

Inventories are stated at the lower of cost (which approximates average cost) or market on a first-in, first-out basis. Inventory quanti reviewed and written down to net realizable value if impaired.

Property, Plant and Equipment

Expenditures for additions, renewals and improvements are capitalized at cost. Replacements of major units of property are capitali retired. Replacements of minor components of property and repair and maintenance costs are charged to expense as incurred. Depreciatio straight-line method based on the estimated useful lives of the related assets. The estimated useful lives of the major classes of depreciab and 3 to 20 years for machinery, equipment and fixtures.

Impairment of Long-Lived Assets

The Division periodically evaluates whether current facts or circumstances indicate that the carrying value of its assets to be held an such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the approp compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured bas asset's fair value and its carrying value. An estimate of the asset's fair value is based on quoted market prices in active markets, if availab available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows be disposed of at the lower of its carrying value or its estimated net realizable value. Asset impairment or accelerated depreciation resulti is recorded as cost of products sold.

Capitalized Software Development Costs

Certain costs to obtain internal use software for significant systems projects are capitalized and amortized over the estimated useful from 3 to 5 years. Costs to obtain software for projects that are not significant are expensed as incurred. Computer software capitalized, included in other assets was $787 at December 31, 2007. Amortization expense was $581 for the year ended December 31, 2007.

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

2. Summary of Significant Accounting Policies (Continued)

Intangible Assets

We estimate the fair value of acquisition-related intangible assets principally based on projections of cash flows that will arise from acquired businesses. The projected cash flows are discounted to determine the present value of the assets at the dates of acquisition. We r impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverab assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted cash flows to the recorded value of carrying value of intangible assets may not be recoverable, the asset is written down to its estimated fair value on a discounted cash flow intangible assets at December 31, 2007 was $275,760.

Intangible assets, consisting of core and developed technology and patents related to the Division's products (primarily Cardiolite® on a straight-line basis over their useful lives, ranging from 6 to 15 years.

Contingencies

In the normal course of business, MI is subject to loss contingencies, such as legal proceedings and claims arising out of its business matters, including, among others, product and environmental liability. In accordance with SFAS No. 5, *Accounting for Contingencies*, th such loss contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. The Divis contingencies until realized.

Derivative Financial Instruments

Derivative financial instruments are managed on a centralized basis by BMS principally in the management of its global interest rat The effects of the foreign currency derivatives are allocated to MI statement of operations based on divisional cost of products sold at sta

Fair Value of Financial Instruments

The carrying amount of the Division's financial instruments including accounts receivable, accounts payable and accrued expenses a

Shipping and Handling Costs

The Division typically does not charge customers for shipping and handling costs. Therefore, shipping and handling costs are includ
administrative expenses and were $14,702 in 2007.

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

2. Summary of Significant Accounting Policies (Continued)

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and totaled $7,694 in 2007 and are included in selling, general and admin

Research and Development

Research and development costs are expensed as incurred.

Foreign Currency Translation

The statement of operations of the Division's foreign subsidiaries are translated into U.S. dollars using average exchange rates. The subsidiaries are translated into U.S. dollars using the end of period exchange rates. The U.S. dollar effects that arise from translating the changing rates are recorded in the foreign currency translation adjustment account, which is included in accumulated other comprehensiv

The Division is exposed to market risk due to changes in currency exchange rates. The Division had exposures to net foreign curren liabilities of $24,020 at December 31, 2007. MI's primary foreign currency translation exposures are the Euro, Canadian dollar and Austr

Accounting for Stock-Based Compensation

The Division adopted SFAS No. 123(R), *Share-Based Payment*, using the modified prospective transition method, which requires t standard as of January 1, 2006. The Company recognizes the grant date fair value of the awards over the requisite service period of the a

Accumulated Other Comprehensive Income

The only item included in accumulated other comprehensive income as of December 31, 2007 was currency translation adjustments

3. Restructuring

2007 Activities

During 2007, the Division recorded charges of $9,841 in termination benefits and other related costs for workforce reductions of ap
selling and administrative personnel primarily due to the closure of two clinical programs (apadenoson and ICT) and the loss of exclusiv
determination was made by management to realign resources consistent with the scale of the business taking into account needs of custo
serves.

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

3. Restructuring (Continued)

Rollforward

Restructuring charges and spending against liabilities associated with these actions are as follows:

Balance at January 1, 2007	$ —
Charges	9,841
Spending	9,421
Balance at December 31, 2007	$ 420

4. Related Parties

As discussed in Note 1, these financial statements include transactions with affiliated companies. MI entered into transactions with corporate services provided by BMS for the financial statement period presented.

Selling, general and administrative expenses include allocated corporate costs from BMS. In addition to expense allocations, certain accounts receivable, accounts payable and inventory were allocated to the Division by BMS based on specific identification.

5. Income Taxes

The components of income (loss) before income taxes for the year ended December 31, 2007 were:

United States	$ 252,526
International	(4,148)
	$ 248,378

Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

5. Income Taxes (Continued)

The provision/(benefit) for income taxes attributable to operations consisted of:

Current	
U.S. Federal	$ 87,061
U.S. States	23,816
International	(1,391)
	$ 109,486
Deferred	
U.S. Federal	$ (10,736)
U.S. States	(1,677)
International	—
	$ (12,413)
Total provision for income taxes	$ 97,073

Effective Tax Rate

MI's provision for income taxes in the year ended December 31, 2007 was different from the amount computed by applying the stat to earnings from operations before income taxes, as a result of the following:

Earnings from operations before interest and income taxes	$ 248,378	
U.S. statutory rate	86,932	35.0%
State and local taxes	14,631	5.9%
U.S. manufacturing deduction	(4,075)	-1.6%
Other	(415)	-0.2%
	$ 97,073	39.1%

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Bristol-Myers Squibb Medical Imaging

(A division of Bristol-Myers Squibb Company)

Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

5. Income Taxes (Continued)

Deferred Taxes

The components of deferred income tax assets (liabilities) were:

Assets	
Reserves and accruals	$ 2,709
Amortization of intangibles other than goodwill	46,515
Long-term income tax liabilities	7,346
Other	907
	$ 57,477
Liabilities	
Depreciation	$ (11,788)

The uncertain tax benefits and associated interest and penalty accruals are recorded as noncurrent income tax payables. As of Decem
$25,194, consisting of income tax provisions of $18,718 and interest and penalty accruals of $6,476, was included in long-term income t

Upon the adoption of FIN No. 48, the Division's total amount of uncertain tax benefits as of January 1, 2007, net of deferred income
and penalties, was $8,908. A reconciliation of the Division's changes in uncertain tax positions from January 1, 2007 to December 31, 20

	Unrecognized Income Tax Benefits	Deferred Income Tax Benefits	Unrecognized Incom Tax Benefits, Net o Deferred Income Tax Benefits
Total uncertain tax positions as of January 1, 2007	$ 14,067	$ (5,159)	$ 8,9
Gross additions to tax positions related to current year	4,885	(2,187)	2,6
Gross reduction to tax positions related to prior year	(234)	—	(2
Balance of gross uncertain tax positions as of			

December 31, 2007	$ 18,718	$ (7,346)	$ 11,3

The Division classifies interest and penalties related to unrecognized tax benefits as income tax expense.

As of December 31, 2007, the total amount of unrecognized tax benefits was $25,194, all of which would affect the effective tax rat primarily associated with domestic

Bristol-Myers Squibb Medical Imaging

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

5. Income Taxes (Continued)

state tax issues, such as the allocation of income among various state tax jurisdictions and U.S. federal R&D credits.

The Division is subject to examination in the U.S. federal tax jurisdiction for the 2004-2007 tax years and is also subject to examina
the 2002-2007 tax years.

6. Inventory

Inventory is comprised of raw materials, work in process and finished goods and is valued at the lower of standard cost (which appr

Raw material	$ 5,864
Work in process	5,636
Finished goods	6,866
	$ 18,366

We recorded a write down of inventory in the amount of $1,179 for fiscal year 2007 as a result of the reduction in the demand for D
box" warning label modifications.

7. Property, Plant and Equipment

The major categories of property, plant and equipment follow were as follows:

Land	$ 16,173
Buildings	61,643
Machinery, equipment and fixtures	96,844

Construction in progress	2,971
Total cost	177,631
Accumulated depreciation	(48,525)
	$ 129,106

Depreciation expenses related to property plant and equipment was $9,928 for the year ending December 31, 2007.

8. Spare Parts

Spare parts include replacement parts relating to plant and equipment and are either recognized as an expense when consumed or re
the related plant and equipment and depreciated over a time period not exceeding the useful life of the related asset. Included in other ass
$3,858 as of December 31, 2007.

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Notes to Financial Statements (Continued)

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(In thousands)

9. Asset Retirement Obligations

The fair value of a liability for asset retirement obligations is recognized in the period in which the liability is incurred. The liability obligation when incurred and is adjusted in subsequent periods as accretion expense is recorded. The corresponding asset retirement cost carrying value of the related long-lived assets and depreciated over the asset's useful life.

The Division considered the legal obligation to remediate its facilities upon a decommissioning of its radioactive related operations The operations of the Division have two major radioactive production facilities at its Billerica, Massachusetts site.

The following is a reconciliation of the Division's asset retirement obligations for the fiscal year ended December 31, 2007 included

Balance at January 1, 2007	$ 2,495
Accretion expense	215
Settlement payments	—
Balance at December 31, 2007	$ 2,710

10. Goodwill and Other Intangible Assets

Balance as of January 1, 2007	$ 1,571
Changes in foreign exchange rates	—
Balance as of December 31, 2007	$ 1,571

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

10. Goodwill and Other Intangible Assets (Continued)

Intangible assets, consisting of core and developed technology and patents related to the Division's products (primarily Cardiolite® fair value placed on these assets at the time of BMS' acquisition of DuPont Pharmaceuticals Company, the Division's former parent. The line basis over their useful lives ranging from 6 to 15 years.

Core technology	$ 29,500
Less accumulated amortization	12,292
Net core technology	17,208
Developed technology	565,900
Less accumulated amortization	321,544
Net developed technology	244,356
Patents	57,300
Less accumulated amortization	48,023
Net patents	9,277
Other intangibles	7,620
Less accumulated amortization	2,701
Net other intangibles	4,919
	$ 275,760

Amortization expense for the intangible assets was $61,845 for the fiscal year ended December 31, 2007.

Expected amortization expense related to the current net carrying amount of other intangible assets is as follows:

Years Ending December 31,	
2008	$ 59,414
2009	55,726

2010	55,726
2011	55,206
2012	40,787
2013 and thereafter	8,901
	$ 275,760

Bristol-Myers Squibb Medical Imaging

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

11. Accrued Liabilities

Accrued liabilities are comprised of the following at December 31, 2007:	
Salaries, wages, and bonuses	$ 9,390
Research and development services	1,962
Distribution	1,526
Vacation	1,201
Marketing	1,460
Accrued utilities and property taxes	638
Deferred revenue	467
Accrued restructuring	420
Other	1,098
	$ 18,162

12. Employee Stock Benefit Plans

BMS sponsors the following stock option plans in which certain employees of MI participated. As the stock-based compensation pl
been allocated to the Division through divisional equity.

Under the BMS 2007 Stock Award and Incentive Plan and 2002 Stock Incentive Plan, executive officers and key employees of MI
BMS' common stock at no less than 100% of the market price on the date the option is granted. Options generally become exercisable in
each of the first through fourth anniversaries of the grant date and have a maximum term of 10 years. Additionally, the plan provides for
rights whereby the grantee may surrender exercisable rights and receive common stock and/or cash measured by the excess of the marke
the option exercise price. In 2007, BMS began granting restricted stock units instead of restricted stock.

Under the TeamShare Stock Plan, which terminated on January 3, 2005, full-time MI employees, excluding key executives, were gr
common stock at the market price on the date the options were granted. Individual grants generally became exercisable evenly on the thi
the grant date and have a maximum term of 10 years.

As discussed in Note 2, effective January 1, 2006, BMS and the Division adopted the provisions of SFAS No. 123(R) using the mod
method. BMS and the Division continue to follow the nominal vesting period approach for awards granted prior to the January 1, 2006 a
the awards granted subsequent to its adoption of SFAS No. 123(R), compensation cost is recognized over the shorter of the nominal vest
employee's award becomes nonforfeitable upon reaching eligible retirement age under the terms of the award. As stock-based compensat
statement of operations for the year ended December 31, 2007 is based on awards ultimately expected to vest, it has been reduced for est
estimates are estimated at the time of grant and revised, if necessary, in subsequent periods.

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

12. Employee Stock Benefit Plans (Continued)

The following table summarizes stock-based compensation expenses related to employee stock options, restricted stock and restricte
ended December 31, 2007:

Cost of products sold	$ 775
Marketing, selling and administrative	1,069
Research and development	541
	$ 2,385

There were no material costs related to stock-based compensation that were capitalized during the period.

A summary of activity related to options held by MI employees is as follows:

	Options (in Thousands)	Weighted Average Exercise Price of Shares	Weighted Average Remaining Contractual Term (in Years)	Aggrega Intrinsi Value (Dollar Million
Outstanding at January 1, 2007	2,163	$ 31.30		
Granted	273	27.01		
Exercised	(381)	26.84		
Lapsed	(217)	33.25		
Outstanding at December 31, 2007	1,838	31.35	6.17	$ 1.
Exercisable at December 31, 2007	1,255	33.80	5.27	1.
Options vested and unvested expected to vest at December 31, 2007	1,806	$ 31.45	6.14	$ 1.

Lapsed shares include forfeitures and shares attributable to employees that transferred to or from other BMS divisions.

The weighted-average grant-date fair value of options granted by BMS to MI employees during the years ended December 31, 2007 value of options exercised by MI employees for the year ended December 31, 2007, was $1,175. As of December 31, 2007, there was $1 compensation cost related to stock options and this cost is expected to be recognized over a weighted-average period of 2.25 years.

Bristol-Myers Squibb Medical Imaging

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

12. Employee Stock Benefit Plans (Continued)

Stock Option Valuation

The fair value of employee stock options granted in 2007 was estimated on the date of the grant, using the Black-Scholes option pri assumptions:

Expected volatility	28.7%
Risk-free interest rate	4.7%
Dividend yield	4.5%
Expected life	6.2 years

The expected volatility assumption required in the Black-Scholes model was calculated using a 10-year historical volatility of the B equally against the derived implied volatility. The selection of the blended historical and implied volatility approach was based on the as expected volatility is more representative of future stock price trends than using only historical volatility.

The risk-free interest rate assumption is based upon the U.S. Treasury yield curve in effect at the time of grant. The dividend yield a history and expectation of dividend payouts.

The expected life of employee stock options represents the weighted-average period the stock options are expected to remain outsta lattice-binomial model. The expected life of employee stock options is impacted by all of the underlying assumptions and calibration of l model assumes that MI employees exercise behavior is a function of the option's remaining vested life and the extent to which the option binomial model estimates the probability of exercise as a function of these two variables based on the entire history of exercises and canc made by BMS to MI employees.

Restricted Stock Awards and Restricted Stock Units

The fair value of nonvested shares of BMS' common stock granted to MI employees is determined based on the average trading pric

grant date.

A summary of restricted share and RSU activity related to MI employees follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested shares at January 1, 2007	113	$ 24.37
Granted	68	27.01
Vested	(25)	25.22
Forfeited	(18)	24.79
Nonvested shares at December 31, 2007	138	$ 25.47

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

12. Employee Stock Benefit Plans (Continued)

As of December 31, 2007 total unrecognized compensation cost related to nonvested BMS restricted stock and BMS restricted stock $2,453. This cost is expected to be recognized over a weighted- average period of 2.5 years. The total intrinsic value of shares and share ended December 31, 2007 is $629.

13. Lease Commitments and Obligations

The Division leases certain buildings and office space under operating leases. Minimum lease commitments under noncancelable op 2007 are as follows:

Years Ending December 31,	
2008	$ 451
2009	368
2010	316
2011	242
2012	201
2013 and thereafter	613
	$ 2,191

Lease expense was $480 for the fiscal year ended December 31, 2007.

14. Employee Benefit Plans

Pensions and Other Postretirement Plans Substantially all employees of MI are participants in various defined benefit pension and p and sponsored by BMS. Benefits under the pension plans are based primarily on years of service and employees' compensation. The othe employees with healthcare and life insurance benefits upon retirement. Pension entitlements are funded by contributions by BMS to a sep

For the pension plans applicable in the U.S. and Canada where the Division has significant operations, costs associated with the pen
MI on the basis of pensionable earnings. Management of the Division believes that this methodology is a reasonable basis of allocation.
2007, the amount of pension expense allocated to MI from BMS to MI employees participating in the above mentioned BMS pension pla

MI also offers defined contribution plans to eligible employees primarily in the U.S., whereby employees contribute a portion of the
matched by BMS. Once the contributions have been paid, BMS has no further payment obligations. The contributions to MI employees
December 31, 2007.

Bristol-Myers Squibb Medical Imaging

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Notes to Financial Statements (Continued)

December 31, 2007

(In thousands)

14. Employee Benefit Plans (Continued)

MI also provides comprehensive medical and group life benefits for substantially all retirees who elect to participate in BMS' compr plans. The medical plan is contributory. Contributions are adjusted periodically and vary by date of retirement. The postretirement plans and life insurance benefits upon retirement. The life insurance plan is noncontributory. As such, BMS allocated costs associated with the upon a ratio of participant headcount. For the year ended December 31, 2007, the amount of expense allocated to MI from BMS was $43

Other Post Employment Benefit Plans

BMS offers medical continuation and income replacement benefits to MI employees on long-term disability (LTD) in the U.S. and continuation benefits, BMS allocated costs associated with the LTD medical continuation benefits to MI based upon a ratio of the post e

For the LTD income replacement benefits, BMS allocated expense based on an allocation rate times base salary. The allocation rate to recoup the full income replacement liability.

The amount expense allocated to MI from BMS for the LTD medical continuation and income replacement plans was approximatel December 31, 2007.

15. Legal Proceedings and Contingencies

From time-to-time the Company is involved in legal and administrative proceedings and claims of various types. While any litigatio uncertainty, management believes that the outcome of such proceedings or claims which are pending or known to be threatened, or all of have a material adverse effect on the Company's financial position, cash flow and results.

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LANTHEUS MEDICAL IMAGING, INC.

OFFER TO EXCHANGE

All Outstanding
9.750% Senior Notes due 2017
for
9.750% Senior Notes due 2017 registered under the Securities Act of 193

Prospectus

December 30, 2010

Dealer Prospectus Delivery Obligation

Until June 28, 2011, all dealers that effect transactions in the Restricted Notes or the Exchange Notes, whether or not partici be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwrit unsold allotments or subscriptions.