



February 6, 2008

Dear Ms. Barbara Sibbald:

Thank-you for the opportunity to provide corrections to the inaccuracies in the early release article "Canada's nuclear fallout", February 4, 2008. I am including the segments that are either false or misleading in quotes above the facts and corrections to allow for ease in editing.

We look forward to reading the revised on-line and print edition.

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The article erroneously states that MDS Nordion refused to participate in efforts to coordinate global isotope supply. It further states that MDS Nordion has no interest in international contingency planning and that Nordion knew that there was an option of going to other suppliers but went to government and the public first. All of these statements are untrue.

The article also indicates that MDS Nordion is reluctant to reveal details about AECL's schedule of NRU operations and that if they did European producers would be better prepared to supply isotopes. This statement on its own is misleading and should not be attributed to MDS Nordion.

*"Now, some European isotope producers claim Ottawa-based MDS Nordion, the dominant player in nuclear medicine, has brought its recent troubles upon itself by refusing to take part in efforts to coordinate the global isotope supply."*

*"Beauregard says his association isn't powerful enough to compel MDS Nordion to share information, but he hopes that concern for the millions of patients who depend on their products will. If so, European producers would be better prepared to supply isotopes to North America if future problems arise."*

Given that the extended shutdown of AECL's NRU reactor was a precipitous event, any type of advanced international schedule collaboration would not have mitigated this unplanned event. None of the other commercial isotope reactors have the ability to do more than marginally increase their collective production capacity.

Coordinating production schedules would not better prepare the European producers to supply isotopes to North America. For the markets that the European reactors serve, no one reactor can provide year round supply. They coordinate their reactor schedules to share the annual production requirements. By contrast, the Canadian isotope supply model does not rely on the European production planning schedule for the market it serves. NRU provides self-sufficient supply year round.

MDS Nordion has taken the following steps to ensure medical isotope supply to the medical community and their patients:

- We initiated the MAPLE project to provide additional supply and mutual back-up
  - We obtained FDA approval to supplement alternative supply with NRU isotopes
  - We have back-up agreements in place with all commercial suppliers
  - We keep the supply chain active by regular purchasing isotopes to ensure back-up supply readiness
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*“There is all sorts of surplus capacity,” says Kuperman. “Nordion and AECL [Atomic Energy of Canada Ltd.] obviously knew there was an option of going to other suppliers ... Instead, they went to the public and the Canadian government.”*

Upon learning from AECL of the NRU estimated extended shutdown schedule, MDS Nordion immediately began the effort to coordinate global isotope back-up supply.

On November 23<sup>rd</sup>, in accordance with our existing supply agreements, MDS Nordion initiated communication with our competitors/back-up suppliers in an attempt to mitigate the unplanned shortage by obtaining back-up supply and placing orders for all available material.

There were (and are) only three commercial sources of medical isotopes to call upon: South Africa, Belgium and the Netherlands. Over the course of the NRU outage event, MDS Nordion maintained daily contact with these international sources to help maximize Mo-99 production output.

This collaboration included the unprecedented establishment of several conference calls with all three of these commercial suppliers participating. The purpose of these calls was to update our competitors on the NRU outage status, ask for their cooperation in providing maximum back-up supply and to develop a framework for equitable product distribution for those countries most affected by the shortage.

All back-up received by MDS Nordion prior to December 14 came from South Africa. Despite our requests to other suppliers on November 23, we were unable to obtain any back-up supply from Europe before Bill C-38 was passed on December 12th.

Clearly with NRU shutdown only limited global back-up supply was available. The only way to fill the total global requirement for medical isotopes for physicians and patients was to resume NRU's operation – a matter which underscored the urgency of Parliament action on December 12 with the passage of Bill C-38.

By contrast, only the NRU reactor has the ability to quickly scale up its production to provide for substantial global shortages from other suppliers, as we have done on several occasions.

None of the other commercial isotope reactors have the ability to do more than increase their collective production capacity by 10-15% in this type of an unplanned event. These producers collectively cannot mitigate this type of a precipitous event

MDS Nordion's focus during the NRU outage was twofold; keeping our customers informed and obtaining back-up supply to mitigate the impact of the shortage in order to support the nuclear medicine community.

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*“The global nuclear imaging and therapeutics market is estimated at \$3.7 billion. A sizable chunk of that market belongs to MDS Nordion.”*

The article suggests that MDS Nordion owns a substantial portion of the \$3.7 billion dollar nuclear imaging and therapeutics market.

MDS Nordion's total revenues in 2007 were \$290 million with the molybdenum business representing a portion of that value. MDS Nordion is a relatively small part of a much larger nuclear imaging market.

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*“Of course all of this fuss would have been avoided if MDS Nordion had brought 2 new reactors online by 2000.... Atomic Energy of Canada LTD. took over the project in 2006 paying MDS Nordion \$25 million for its facilities and \$53 million for inventory.”*

The article inaccurately indicates that AECL took over the MAPLE project from MDS in 2006.

In fact, in 1995, MDS Nordion took a leadership role in planning for contingency supply by contracting AECL for the MAPLE reactor project with a targeted operation of 2000. This project was to provide the alternate supply and mutual back-up system to ensure global reliable isotope supply. When the MAPLE project completion was delayed, MDS Nordion entered into a new agreement with AECL having them assuming complete ownership of the MAPLE facilities. For the Canadian government to secure a long term supply of medical isotopes for reliable patient care, the urgent completion of the MAPLE project is essential. AECL was to execute its plan to resolve technical issues relating to the MAPLE reactor project in the 2006-2008 timeframe.

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*“The Energy Policy Act of 1992 included incentives for foreign uranium buyers if they promised to convert to technology that used low-enriched uranium, which isn’t bomb-grade. According to Kuperman, who is also a policy analyst for the Nuclear Control Institute, MDS Nordion made that promise – then broke it.”*

MDS Nordion continues to cooperate with the US government to find a commercially viable solution to convert isotope production from Highly Enriched Uranium to Low Enriched Uranium. Currently 95-98% of the world’s reactor-produced isotopes, including molybdenum-99, are based on HEU targets (Covidien, IRE, AECL, NTP). No commercial process using LEU targets for large-scale producing volumes has been developed and implemented. HEU is required until feasible alternatives are developed, implemented and proven reliable to ensure medical isotope supply for patient care is not jeopardized.

Sincerely,

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