

2008 Guidance

Reconciliation from non-GAAP to GAAP Guidance

(US\$ Millions, except per share amounts)

In our press release dated February 21, 2008, we provide 2008 guidance based on GAAP and non-GAAP measures and the assumptions used in preparing our guidance. The following tables provide reconciliations between 2008 guidance based on non-GAAP measures and GAAP measures.

2008 Net Revenues (non-GAAP) to 2008 Total Revenues

Net Revenues	\$	1,250 - 1,300
Add: Reimbursement revenues		100 - 110
Total revenues	\$	1,350 - 1,410

2008 Adjusted EBITDA (non-GAAP) to 2008 Net Income from Continuing Operations

Adjusted EBITDA	\$	175 - 185
Less: Adjusting Items		5 - 10
Less: Depreciation, Amortization, Net Interest Expense, Net Tax Expense		110 - 120
Net Income from Continuing Operations	\$	55 - 65

2008 Adjusted Earnings per Share (non GAAP) to 2008 Basic Earnings per Share from Continuing Operations

Adjusted Earnings per Share	\$	0.37 - 0.43
Add: Adjusting Items		0.06 - 0.12
Basic Earnings per Share	\$	0.45 - 0.53

As outlined in our February 21, 2008 press release, the underlying assumptions used in preparing MDS 2008 guidance, that are related to non-GAAP measures, are outlined below.

MDS expects net revenue growth for 2008 to be in the range of 12%-16% based on: the net impact of the Molecular Devices acquisition, the divestiture of the MDS Nordion external beam therapy and self-contained irradiator product lines, and increased revenues across all three business units due to expected market growth and improved sales execution. Total revenues is a GAAP measure that includes a forecast for reimbursement revenues, which are then excluded from the calculation of net revenues.

MDS expects adjusted EBITDA to grow at 21%-28% and to be in the range of \$175-\$185 million driven by: productivity improvements, particularly in MDS Pharma Services, revenue growth across MDS, and the full year impact of the acquisition of Molecular Devices.

Adjusted earnings per share (adjusted EPS) for 2008 are expected to be in the range of \$0.37-\$0.43. In addition to the adjusting items included in adjusted EBITDA on an after tax basis, adjusted EPS also excludes an expected 2008 gain on deferred taxes associated with future Canadian income tax rates.

Caution Concerning Forward-Looking Statements

This document contains forward-looking statements. Some forward-looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. The statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. MDS's actual results could differ materially from those expressed in the forward looking statements due to these risks and a number of other factors, including, but not limited to, successful implementation of structural changes, including restructuring plans and acquisitions, technical or manufacturing or distribution issues, the competitive environment for MDS's products, the degree of market penetration of its products, the ability to secure a reliable supply of raw materials, the strength of the Canadian and US economies, the impact of the movement of the US dollar relative to other currencies, particularly the Canadian dollar and the euro, uncertainties associated with critical accounting assumptions and estimates, and other factors set forth in reports and other documents filed by MDS with Canadian and US securities regulatory authorities from time to time, including MDS's quarterly and annual MD&A, annual information form, and annual report on Form40-F for the fiscal year ended October 31,2007 filed with the Securities & Exchange Commission.

Also note that all financial data is now shown on a US GAAP basis. MDS converted to US GAAP reporting with the filing of its 2007 annual report and financial statements on January 29, 2008.

Use of Non-GAAP Financial Measures

The use of non-GAAP measures including terms such as net revenue, adjusted EBITDA, and adjusted EPS are used to explain the operating performance of the Company. These terms are not defined by GAAP and MDS's use may vary from that of other companies. MDS uses certain non-GAAP measures so that investors and analysts have a better understanding of the significant events and transactions that have had an impact on results or may have an impact on MDS's financial outlook. MDS provides a description of these non-GAAP measures and a reconciliation of these non-GAAP measures for 2007 actual results to GAAP financial results in the MD&A of its 2007 annual report. The 2008 guidance MDS has provided in its press release dated February 21, 2008 using non-GAAP measures, are reconciled to the corresponding measure based on GAAP in the tables included in this document.