

**Tax Information Related to the
February 19, 2010 Substantial Issuer Bid (the “Bid”)
April 1, 2010**

Further to the press release issued by MDS Inc. (“MDS”) on March 30, 2010, MDS is accepting for purchase and cancellation 52,941,176 common shares in the capital of MDS (the “Common Shares”) at a purchase price of US\$8.50 per Common Share.

Deemed Dividend

For Canadian tax purposes, a deemed dividend of C\$3.33 per Common Share arises on the Bid. For the enhanced dividend tax credit under subsection 89(14) of the *Income Tax Act* (Canada) and for any corresponding provincial legislation, MDS designates the entire deemed dividend arising on each Common Share purchased under the Bid as an “eligible dividend” being an amount equal to C\$3.33.

191(4) Specified Amount

For purposes of subsection 191(4) of the *Income Tax Act* (Canada), the specified amount in respect of each Common Share purchased under the Bid is C\$8.19.