

AECL and MDS Enter Into Long-term Supply Agreement for Medical Isotopes

Hopefully this removes the prior inequity of AECL not sharing the profits.

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"Maintains Canada's position as market leader in a high-tech medical enterprise" Atomic Energy of Canada Limited (AECL) announced today that it has successfully completed mediation with MDS Inc. and its subsidiary MDS Nordion on issues related to the construction, commissioning and operation of the MAPLE reactors and associated New Processing Facility (NPF) in Chalk River, Ontario. Collectively, these facilities are called the Dedicated Isotope Facilities (DIF).

The resolution includes a 40-year isotope supply agreement between AECL and MDS Nordion. Under this agreement, AECL will assume ownership of the DIF, which will be dedicated to the production and supply of isotopes to MDS Nordion. AECL will continue to supply radioisotopes to MDS Nordion from its existing facilities until DIF is operational.

"In the course of preparing for the mediation, both companies had a strong desire to seek creative solutions to some very complex issues", stated AECL's President and Chief Executive Officer Robert Van Adel. "This is obviously a very positive outcome that strategically aligns the interests of both companies and allows each of us to focus on our core competencies while creating a stronger commercial arrangement."

Under the agreement, AECL will complete the commissioning of MAPLE 1 and NPF with an in service date of October 31, 2008; MAPLE 2 will be commissioned and in service by October 31, 2009. Project completion costs and ongoing operating costs will be funded by AECL. AECL will also make a payment of \$25 million to MDS for transfer of title, and will acquire \$53 million in DIF related inventories from MDS.

In return, AECL will receive a share of net revenues from isotopes produced. MDS will also compensate AECL for safe storage and long-term management of wastes produced from the processing of isotopes at MDS Nordion's Kanata facility.

Mr. Van Adel added, "This agreement maintains AECL in its role as the leading supplier of medical isotopes to MDS Nordion - the world's leading provider of medical isotopes, and maintains Canada's position as the market leader in a high-tech medical enterprise."

From now until late 2008, AECL plans to complete the commissioning of the MAPLE 1 reactor and NPF and begin commercial production of isotopes from these facilities. In the interim, AECL will continue to supply MDS Nordion with isotope production from its NRU (National Research Universal) reactor and associated facilities in Chalk River under its current supply agreement with MDS.

As the world's largest producer of radionuclides, NRU is a multipurpose research reactor and is Canada's premier facility for nuclear power research, and materials research. It produces for MDS Nordion the majority of the world's medical isotopes including molybdenum-99, as well as several longer-lived isotopes that are used for medical imaging and cancer therapy to the benefit of nine million procedures annually.