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## Closure of Canadian Nuclear Reactor Hampers Medical Sector

By JON KAMP

The shutdown of a Canadian nuclear reactor that is a crucial supplier of medical scanning isotopes is interrupting care to patients and hindering suppliers.

Doctors are worried the 52-year-old plant in Ontario, run by Atomic Energy of Canada Ltd., could be down for a prolonged stretch or may never restart. Either scenario would further snarl a supply line running through Cardinal Health Inc., MDS Inc.'s Nordion unit and privately held Lantheus Medical Imaging Inc., among other companies.

There is also concern about how an industry with scant excess capacity will digest the looming shutdown at another important plant in the Netherlands.

'It's sort of medium-bad at this point, but it looks like it's going to get a whole lot worse,' said Michael Graham, director of nuclear medicine at the University of Iowa Carver College of Medicine.

Operators at the Canadian plant in mid-May found a small leak at the base of the reactor vessel and corrosion on the outside wall.

AECL initially estimated the problem, which isn't considered a safety concern, would keep the plant down for more than a month. It later stretched the estimate to "at least three months," and said an update will come after it picks a repair plan.

Jean-Luc Urbain, president of the Canadian Association of Nuclear Medicine, believes the aging plant could be down much longer, and perhaps for good, because he sees this problem as "symptomatic" of further issues that need investigation. Mr. Graham, who is incoming president of the Society of Nuclear Medicine, also worries 'there's a real possibility it will never restart.'

There are only five reactors around the globe supplying the market for isotopes commonly used in scans to check for heart problems and cancer, and the fleet has had repeated problems. The Dutch plant was shuttered this past winter by an unplanned outage, hurting financial results at Covidien Ltd. The Canadian plant that is having problems now rattled the industry when it last shut in late 2007.

The reactors produce material called molybdenum-99 that decays into technetium-99m, which is the most commonly used medical isotope in the U.S. The Canadian plant is the only one in North America creating this material, and it produces about half of all medical isotopes used on the continent.

The isotopes have an hours-long useful life, which means they can't be stockpiled.

Nordion performs additional processing of material from the Canadian plant. Then Covidien and Lantheus,

which was formerly part of Bristol-Myers Squibb Co., make generators that produce the medical isotope. These are distributed to hospitals and through radiopharmacies, many of which are run by Cardinal Health, Covidien and [General Electric Co.](#)

The outage creates headaches for companies in the supply line, with the ultimate impact being decided by the length of the disruption.

For example, in Cardinal Health's case, the company doesn't see any financial implications in the fiscal year ending June 30, spokesman Troy Kirkpatrick said. However, fresh guidance coming in August will address the matter, if needed.

Meanwhile, a prolonged Canadian outage is a more immediate concern for Nordion, where it will cut adjusted earnings before interest, tax, depreciation and amortization, or Ebitda, by about \$4 million each month, parent company MDS estimated.

J.P. Morgan said the outage creates big problems for Lantheus. Bill Dawes, the company's vice president of manufacturing and supply chain, however, said it has diversified its supplies since the 2007 Canadian outage.

—Andy Georgiades contributed to this report.

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