



March 4th, 2014

Subject: Action to ensure sustainability and continuity of supply of MAA and DTPA

Dear Healthcare Professional,

Jubilant DraxImage (JDI) needs to make a onetime market price adjustment on MAA and DTPA. This market wide pricing adjustment will take effect on May 1st for our hospital customers to support ongoing sustainability and continuity of these critical products in Canada.

As you are aware, in recent years, the entire nuclear medicine industry has faced ongoing supply issues for radiopharmaceuticals and ancillary medications. A number of manufacturers have left the market or ceased to manufacture some products. The challenge of maintaining a sustained and reliable supply of these critically important products has had an adverse impact on both healthcare providers and their patients.

Jubilant DraxImage is committed to the field of nuclear medicine and recognizes its role and responsibility in supplying critical products to healthcare providers even if in many instances all other manufacturers have abandoned such critical products.

We are and will invest significantly in our manufacturing facility and process improvement. We will also qualify and maintain a second API supplier and a second manufacturing site to ensure the long-term supply of MAA and DTPA kits in Canada and to support the proper use of VQ scans. We have undertaken a major manufacturing process improvement initiative and we will be discussing with the CANM Leadership the best clinical research approach to support improved management of patients with lung disease or pulmonary embolism. We are committed to supporting clinical research in this area and will allocate dedicated internal resources to support the clinical development these products.

The onetime market adjustment will enable JDI to continue to supply these vital radiopharmaceuticals and to fulfill its investment promise. The historically low prices did not cover the costs of manufacture - a manufacturing process that was complex and difficult in the

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past has become even more challenging and costly. JDI has been encountering increasing regulatory requirements in the production of our MAA and DTPA kits, resulting in further, dramatically increased costs.

As well, following our change in our API supplier for MAA last year, the number of batches that did not meet our stringent quality standards and were not released has increased substantially. All of these factors have contributed to the need to evolve our pricing strategy.

As you know, MAA is a critical component of the tens of thousands of lung imaging procedures performed across Canada every year. At current utilization levels, the value received by JDI for the MAA represents a small portion of the value of a lung perfusion and ventilation procedure. At a minimum, we believe that MAA's value is at least comparable to Technegas on a per patient basis. Although both perfusion and ventilation information is optimally required, perfusion is at the center of the V/Q's evaluation of pulmonary embolus detection.

The ongoing manufacture of MAA and DTPA kits continue to be the highest priority in our production schedule and our operational teams at JDI have been working diligently toward the goal of a stable, commercial supply. We are committed to making significant investment to assure product sustainability including qualifying and maintaining a second API supplier and manufacturing site. We are also interested in focusing on the advantages of VQ scanning over CT and support the appropriate use of VQ scan.

As an important resource for the nuclear medicine community, we wanted to inform you of this decision to allow you to ask any questions important to your membership. Please don't hesitate to contact me to discuss further.

Sincerely,



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