DEFINED BENEFIT PENSION PLAN
COMMENTS FROM THE TRUSTEE CO-CHAIRS

FINANCIAL STATEMENTS

Attached are the annual audited financial statements of the Canadian Blood Services Defined Benefit Pension Plan (the "Plan"). The statements have been reviewed by our external auditor, KPMG, whose report to members is included with the statements.

While members receive annual communications concerning their individual benefit entitlement through the administrator, Morneau Sobeco, the financial statements present the results of the Plan as a whole. Legislation under the Pension Benefits Act requires the employer to file these statements annually with the Financial Services Commission of Ontario. These financial statements will be posted to the Plan's website annually starting with the statements for 2005.

GOVERNANCE

The Plan is administered by a Board of Trustees, made up of Trustees appointed equally by Canadian Blood Services ("CBS") and the Participating Unions. There are two co-chairs of the Trustees - one appointed by the union Trustees and one appointed by the employer Trustees. They alternate chairing meetings, which are held at least four times a year.

The Trustees are responsible for interpreting plan rules and ensuring that the plan meets the requirements of all governing legislation.

Their responsibilities include the operation and administration of the plan itself, and custody, investment and management of the pension fund. This includes ensuring that contributions to the plan are remitted in a timely fashion and invested in accordance with the plan's investment policy. The Trustees establish, review and adjust the investment policy to achieve returns that will allow the pension fund to meet the obligations of the plan. In addition, the Trustees ensure that members receive annual statements, that termination and retirement benefits are paid, and that proper records are kept. The Trustees approve payment of plan expenses required to carry out these duties, ensure that financial statements are prepared reporting contributions, investment returns, and payments from the fund. These statements are subject to an annual audit.

In carrying out their responsibilities, the Trustees may engage the services of professional firms and consultants.

Mercer Human Resource Consulting Limited is the plan actuary. Morneau Sobeco provides Third Party Administration services. James P Marshall is the Trustees' investment consultant. The Trustees have selected a number of investment management firms to invest the assets of the pension plan: McLean Budden, Aberdeen Asset Management, and Barclays Global Investors. Royal Trust is the Custodian of the Plan's assets.

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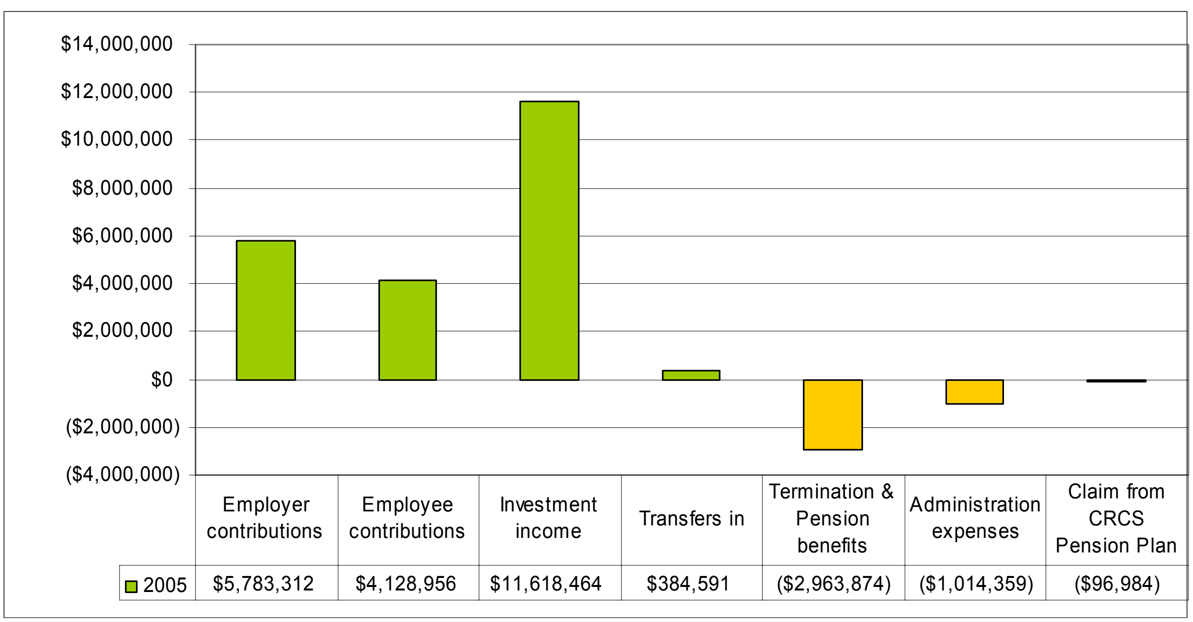
MEMBERSHIP

Active membership has increased 11.6% in 2005. The number of members who have left CBS and are waiting to transfer funds out of the Plan has decreased by 48.6% in 2005.

	2005	2004	% change
# members, active	2,062	1,847	11.6%
# members, terminations pending payment	94	183	-48.6%
# members, vested deferred (elected to leave funds in account until retirement)	60	54	11.1%
# members, pensioners	106	93	14.0%
	2,322	**2,177**	**6.7%**

NET ASSETS AVAILABLE FOR BENEFITS

Net assets of the Plan increased $17,840,106 from $87,067,237 to $104,907,343 during 2005. This increase was due to $9,912,268 in employee and employer contributions, $11,618,464 in investment income, and $384,591 in transfers in. This was offset by $2,963,874 in payments or recognition of obligations due to members who have left CBS and to pensioners, $1,014,359 in administration fees and $96,984 in accrued interest on the claim from the Canadian Red Cross Society Pension Plan.



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CONTRIBUTIONS

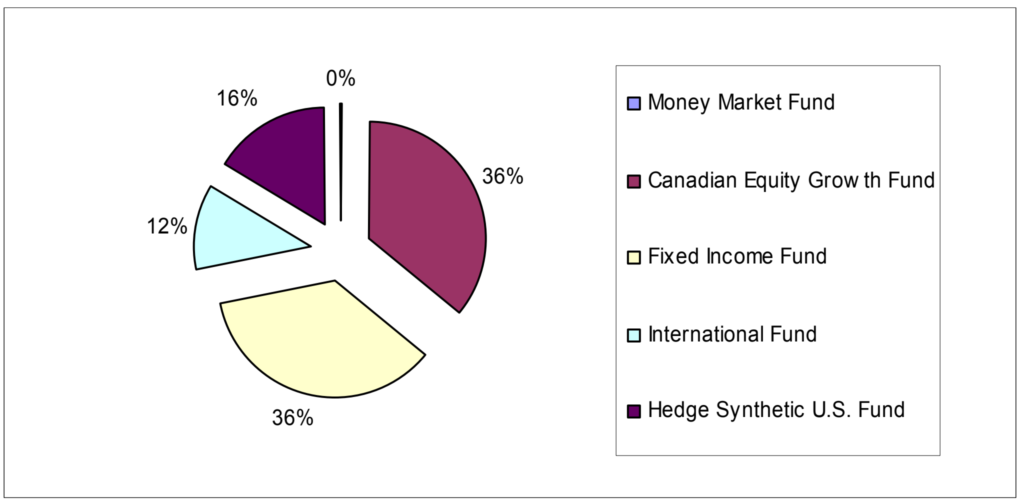
Contributions to the Plan increased from $9,194,814 in 2004 to $9,912,268 in 2005 due to both increased membership and increased salary levels. In accordance with the Plan Text, effective November 30, 2004, members and the employer were no longer entitled to make Optional Contributions.

INVESTMENT INCOME

Investment income of all funds in the Plan increased to $11,618,464 in 2005 from $8,330,148 in 2004. This represents an overall 12.5% return in 2005 (versus an overall 10.4% return in 2004).

ASSET ALLOCATION

The asset allocation at December 31, 2005 was as follows:



CLAIM FROM CANADIAN RED CROSS SOCIETY PENSION PLAN

In August 2004, the Canadian Red Cross Society ("CRCS") informed CBS and the Trustees of the Plan of an adjustment in the calculation of unit values of certain investment funds for the period from 2001 to 2003. This adjustment resulted in the identification of an overpayment of $431,000 to the Plan during 2003. The Trustees of the Plan have advised the CRCS that they have relied on the amount of assets transferred in 2003 (including the $431,000) in determining and granting benefit improvements in the Plan. The Trustees take the position that the Plan should not have to return any funds, however the Plan may be required to do so in the event that CRCS pursues this claim and is successful. The amount of the claim at December 31, 2005 has been adjusted by accrued interest.

TERMINATION BENEFITS

The total amount due to members who have left CBS and are waiting to transfer funds out of the Plan decreased to $2,181,525 in 2005 from $3,302,849 in 2004.

As a result of pending benefit improvements relating to member service during the CRCS period prior to November 1, 1997, a backlog of members who left CBS had built up. Permission to apply these benefit improvements was subsequently approved by Canada Revenue Agency and the transfer of assets from the CRCS Plan was completed in 2003. In 2004, Morneau Sobeco, the third party administrator, contacted all members no longer employed by CBS to seek confirmation whether they would like to leave their funds in the Plan until retirement, or have their funds transferred to an alternate pension vehicle. Though there was not a wide response to this communication, several members did confirm and completed the paperwork necessary to transfer their funds out of the Plan in 2005. This explains the decrease of 48.6% in the number of members who have left CBS and are waiting to transfer funds out of the Plan.

ADMINISTRATION FEES

As specified in the Plan Text, administration fees are paid by the Plan. Total administration fees decreased 13.3% to $1,014,359 in 2005. Administration fees include:

a) Investment management fees which increased 10.7% to $305,254 in 2005. While the rates for investment management did not change, total investment management fees increased due to the increase in assets managed.

b) Third party administration fees provided by Morneau Sobeco totalled $313,562 in 2005, down from $484,072 in 2004. These fees were higher in 2004 when the main work concerning the transfer of assets from the CRCS was completed.

c) Other plan expenses which are incurred for:
- investment monitoring, legal and actuarial services
- project management and accounting services
- Trustee meeting and travel costs
- annual plan registration fees
- member communication
- audit services

Other plan expenses decreased 3.8% to $395,543 in 2005 primarily due to reduced legal and other professional services following completion of the work required concerning the transfer of assets from the CRCS Plan. Other plan expenses fluctuate from year to year, depending on the initiatives underway. For example, in 2005 expenses were incurred in the preparation of the triennial actuarial valuation as of December 31, 2004. Since this initiative was completed in 2005, actuarial fees for 2006 are anticipated to decrease.

ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS

The Trustees are responsible for ensuring that an actuarial valuation is done (at least every three years). An actuarial valuation is a forecast of the plan's obligations and assets. It is used to determine the level of required contributions for the period covered by the report - normally three years - and to determine if there is a surplus (more assets than liabilities) or a deficit (more obligations than assets). A surplus may be held as a reserve against future performance or experience losses, used to improve benefits or used to reduce the cost of the plan (the level of required contributions). The Plan Text specifies how any deficit must be reversed and may result in an increase in contributions. The Trustees also approve the assumptions and methodology used in the valuation. Actuarial valuations are provided to the plan's sponsors (CBS and the Participating Unions) for information.

Valuation of the Plan was last completed as of December 31, 2004 and in accordance with the minimum requirements of the Ontario Pension Benefits Act the next valuation must be completed no later than as of December 31, 2007. The actuarial valuation results shown in the financial statements for 2005 are extrapolated based on the membership data as at last valuation.

The difference between the actuarial value of net assets available for benefits and the acturial present value of accrued pension benenfits at December 31, 2005 was a surplus of $4,192,711 based on an extrapolation since the last valuation. This is an improvement compared to the deficit of $6,509,555 at December 31, 2004. This improvement is due to superior asset returns combined with higher contribution rates. Since March 2003, members have contributed an amount equal to 5% of pensionable earnings and the employer has contributed an amount equal to 7% of the member’s pensionable earnings. Prior to March 2003 members contributed an amount equal to 4.75% of pensionable earnings and the employer contributed an amount equal to 6.75% of the member’s pensionable earnings.