CANADIAN BLOOD SERVICES DEFINED BENEFIT PENSION PLAN
MESSAGE FROM THE TRUSTEES
DECEMBER 31, 2010

Message from the Trustees

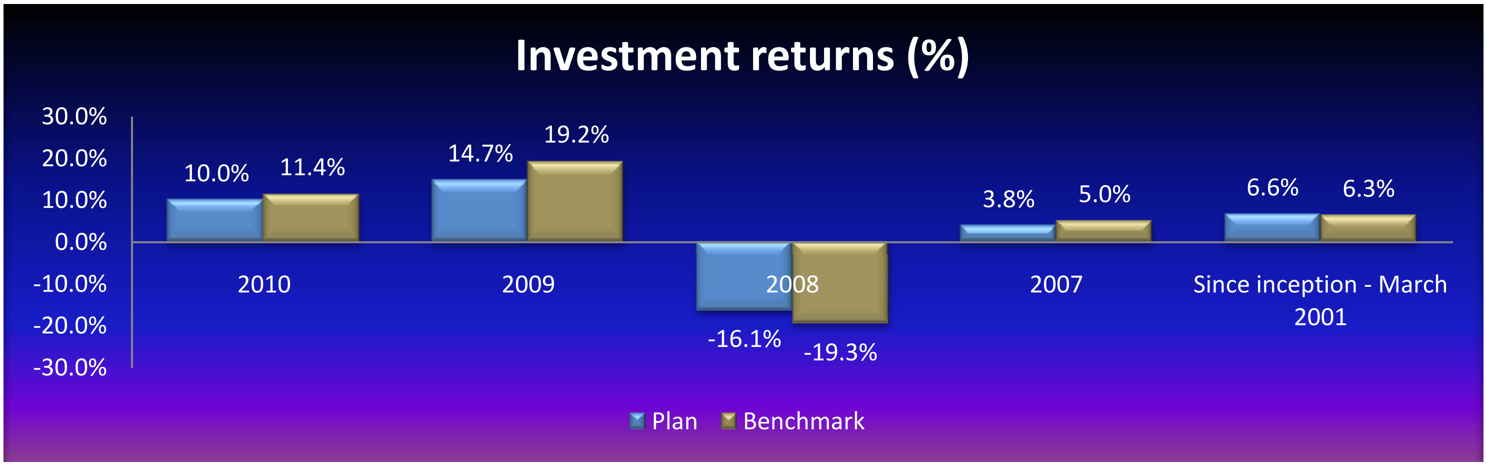
The Board of Trustees is pleased to present highlights of the plan's position and performance at the end of 2010. As member and employer appointees, we are committed to working together and ensuring that the plan delivers on its promise to you. Simply described, that promise is a paycheque for life when you retire. Retirement income is provided for as long as you live and may extend to your spouse or beneficiary after your death. In addition, because the plan is a defined benefit pension plan, fluctuations in the financial markets will not affect your pension income.

Like many pension plans, the value of the plan's investments has been impacted by the market downturn in 2008. As a result of the downturn it is expected that employer and member contributions will rise in 2012 reflecting the fact that investments did not perform as expected during this period. The Trustees continue to monitor the performance of plan assets to ensure the pension promise made to current and future pensioners is met.

Plan Assets Available for Benefits

This graph illustrates the growth in plan assets since 2007. The increase in assets in 2010 resulted from employer/member contributions of $16.8 million and gains in the investment portfolio of $16.5 million, offset by benefit payments and plan expenses totalling $6.3 million.

Investment Returns



The above chart highlights the returns experienced by the plan on its investments (before investment management fees) and compares it with a set of market indices known as the "benchmark".

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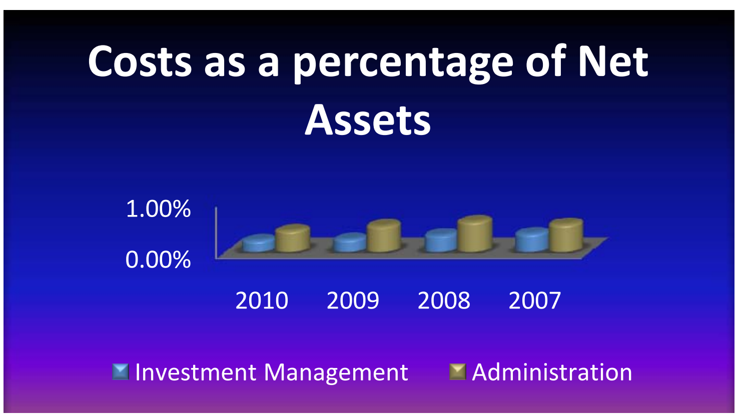
The plan's assets have increased from the lows experienced in 2008 during the global financial crisis. This saw plan assets available for benefits fall from $140.2 million at the end of 2007 to $124.6 million at December 31, 2008. Despite the severe downturn in the markets, the plan performed better than the benchmark in 2008, with a negative return of 16.1% versus the benchmark negative return of 19.3%. This was due to the plan's active equity managers who were successful in preserving capital during these extremely volatile and uncertain market conditions and the overweighting of fixed income versus U.S. equities in the portfolio.

Markets rebounded strongly in 2009 with the plan achieving a return of 14.7%. This trailed the benchmark return of 19.2% for the year as the plan's more conservative equity managers failed to keep pace with the abrupt shift in market sentiment which occurred in March 2009. The rally which ensued was led by weaker, lower quality stocks which the plan did not hold. In contrast, both bond funds outperformed relative to their benchmarks.

The Plan returned 10.0% during 2010, underperforming the benchmark return of 11.4%. Underperformance by the Canadian growth manager was the main driver of the plan's underperformance resulting from weak stock picks in the Materials, Financials and Energy sectors and an underweight in the Materials sector.

In 2010, as part of their monitoring of the performance of the plan's assets, the Board of Trustees reviewed the bond strategy in the plan and decided to increase the duration (the time to maturity) of the bond portfolio. Implementation of this strategy will better match the timing of future pensions payable (the liabilities of the plan) with the maturity of assets held by the plan. Aligning the duration of the assets and liabilities of the plan also reduces the impact that changes in market interest rates will have on the plan deficit, because interest rate fluctuations will impact assets and liabilities of a similar duration in a complementary manner. Changing the bond strategy will also mean a shift in the way the bond portion of the plan's investments are benchmarked as this is not an investment performance driven strategy. Going forward a duration based benchmark will monitor how closely the durations are aligned and will result in a shift away from the investment based performance benchmark used in the past. The bond portion represents almost 40% of assets at the end of 2010.



The plan incurs professional management fees to manage the investment portfolio. Fees are charged on a tiered basis based on the value of investments in the plan. As investments grow, the fee as a percentage of net assets decreases. Fees to administer the plan include services such as benefit calculations and payments, actuarial and legal services.

Information available to Members

Members can access information regarding the plan via the plan's website - cbsDBpension.hroffice.com. Information on the site includes: pension plan summary, plan member booklet, a copy of your current annual statement, pension forecast tool, trustee talk (actuarial valuation report and audited plan financial statements), FAQs and forms.