CANADIAN BLOOD SERVICES DEFINED BENEFIT PENSION PLAN
MESSAGE FROM THE TRUSTEES
DECEMBER 31, 2012

Message from the Trustees

The Board of Trustees is pleased to present highlights of the plan's position and performance at the end of 2012. As member and employer appointees, we are committed to working together to ensure 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.

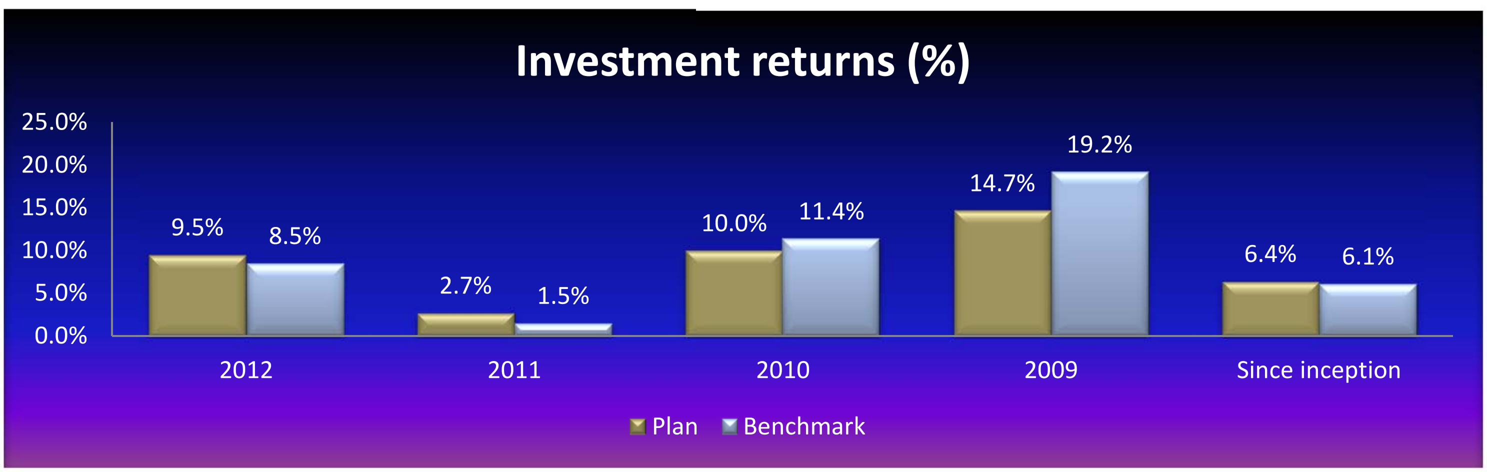
The most recent pension valuation, which was completed as at December 31, 2010, showed a funding deficit of $18.1 million. As a result of that valuation, contribution rates increased in January 2012.

As at the December 31, 2012, the deficit reported on the financial statements is $16.5 million (6.9% of the obligation), which represents a 27% decrease in deficit from 2011 (deficit of $22.7 million). The next required valuation date is at December 31, 2013.

Plan Assets Available for Benefits

This graph illustrates the growth in plan assets since 2009. The increase in assets of $27.4 million in 2012 resulted from employer/member contributions of $19.2 million and gains in the investment portfolio of $18.9 million, offset by benefit payments and plan expenses totalling $10.7 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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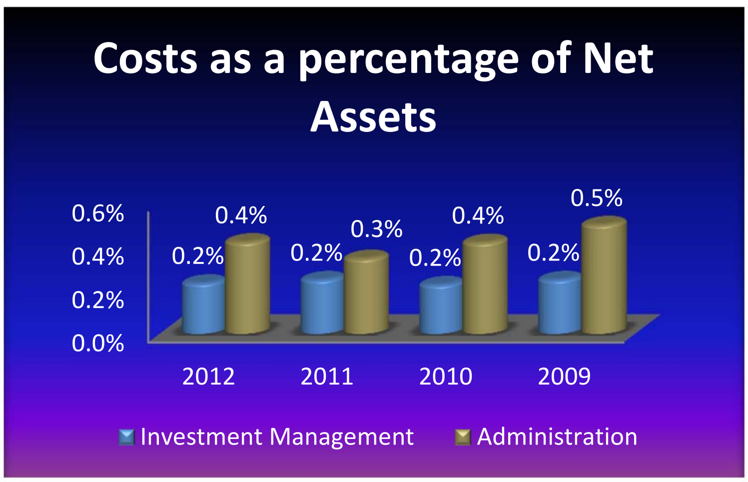
Despite continuing volatile market conditions in 2012, the Plan experienced strong returns and its net assets available for benefits increased by $27.0 million to $223.2 million at the end of 2012. A significant rebound of the equity markets during the second half of the year, particularly in Europe, helped to produce strong overall returns for 2012. Another positive factor which contributed to performance was migrating the bond assets to longer duration portfolios, as bonds with longer durations achieved higher returns than the DEX Universe Index. The Plan returned 9.5% during 2012, outperforming the benchmark return of 8.5% by 1.0%. The main driver of the Plan's performance were the Canadian equity managers, as they both outperformed the index. Jarislowsky Fraser's 10.1% return in Canadian equities ranked in the top 40% of all Canadian equity managers primarily due to stock selection in the Materials and Consumer Staples sectors, which outperformed during the year. Leith Wheeler's return of 15.3% ranked in the top 6% of all Canadian equity managers due to stock selection and sector allocation minimizing their exposure to underperforming stocks. Despite double-digit returns of 12.5%, GMO's international equities underperformed the benchmark return of 14.7%.

In 2012, as part of their ongoing oversight of the Plan's assets, the Board of Trustees initiated steps to formally review the performance of the portfolio due to poor performance in some areas. As a result changes in investment managers are likely to be made in mid 2013.



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, audit 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.