



**CANADIAN
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RAILWAY**

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September 8th, 2008

Dear Sirs,

This letter is to inform you of upcoming rate changes pertaining to your members' employee paid optional life insurance benefit that will be effective January 1, 2009.

As you know, CPR had a rate guarantee for the optional life provision with our insurance provider Manulife from 2004 to December 31, 2006 and effective 2007, rates have been subject to yearly rate renewals dependant on the actual claims experience of the union group.

Manulife has analyzed the 2004-2007 claims experience of the union group and determined that an increase is warranted based on the actual claims incurred from January 1, 2004 to December 31, 2007. Over this period, the premiums collected totaled approximately \$406,000 while there were claims for approximately \$579,000.

Consequently, premiums in 2009 will increase in comparison to the rates that were in place for 2008 by 10%.

In real terms, for example, a non-smoking male aged 45 – 49 with an actual average volume of optional life insurance of \$200,000 would have his monthly premium increase from \$30.14 to \$33.16, an increase of \$3.02/ month.

A non-smoking male aged 50 - 54 with an actual average volume of optional life insurance of \$160,000 would have his monthly premium increase from \$45.54 to \$ 50.10, an increase of \$4.56/month.

For more details, please see the attached tables which show rates according to age bands, gender and smoker status.

If you have any questions, please do not hesitate to contact me at 403-319-7081.

Yours truly,

John Bairaktaris
 Director Labour Relations
 Canadian Pacific

**Canadian Pacific Railway
 Optional Life- Union
 Summary of Sold Monthly Rates - Effective January 1, 2009**

AGE	MALE - RATE/\$10,000		FEMALE - RATE/\$10,000	
	Smoker	Non-Smoker	Smoker	Non-Smoker
Under 25	1.145	0.573	0.451	0.271
25-29	1.188	0.594	0.506	0.303
30-34	1.188	0.594	0.506	0.303
35-39	1.282	0.640	0.781	0.468
40-44	1.902	0.950	1.163	0.696
45-49	3.317	1.658	1.944	1.167
50-54	6.262	3.131	3.268	1.961
55-59	10.674	5.337	5.303	3.182
60-64	15.453	7.726	8.445	5.067