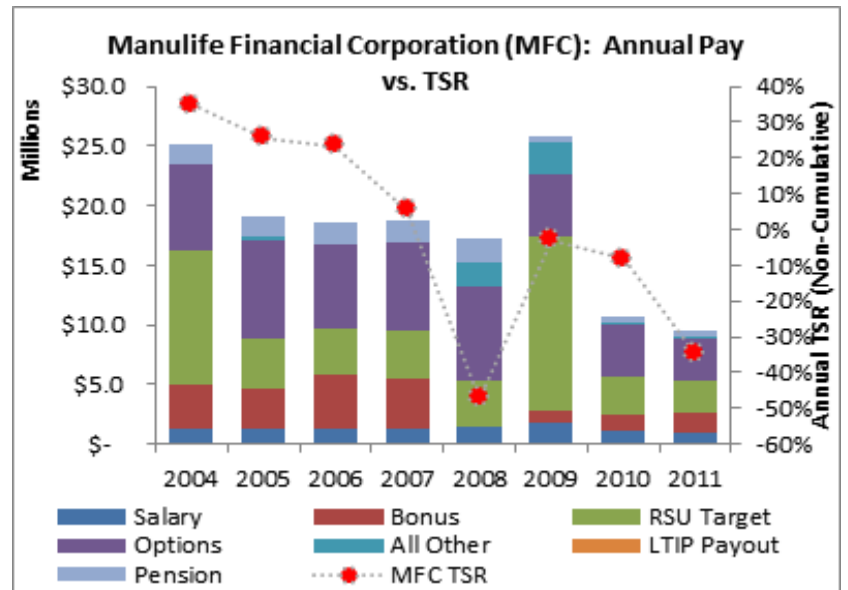
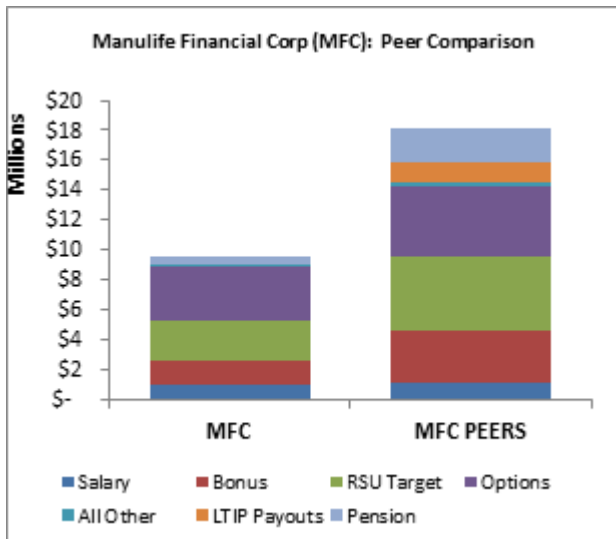


# Manulife Financial Corp (MFC): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 2	6 YEAR = 3	8 YEAR = 5	TOTAL: 12/24

In May of 2009, MFC granted \$10m of RSU to its outgoing CEO, resulting in a sharp bump in total CEO pay in that year, in the midst of an ongoing trend of decreasing CEO pay that has continued since 2005. **MFC's TSR has been negative in each of the past 4 years, resulting in a 4-year TSR of -70% and an 8-year TSR of -34%. Combined with the downward trend in CEO pay, however, MFC achieved very close alignment in our 8-year observation with only a 12% separation between TSR and CEO pay change.**

In 2011, MFC reported their lowest TSR (-34%, 9th out of 11 peers) since the 2008 crisis. CEO pay continues to drop as well, albeit at a slower pace. MFC's Pay for Performance Score of 12/24 is a reflection of its success in ensuring pay and performance move in the same direction even in difficult times, although alignment was not quite close enough to achieve a higher score.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NYSE:AFL	AFLAC Inc.
NYSE:AMP	Ameriprise Financial Inc.
NYSE:HIG	Hartford Financial Services Group Inc.
NYSE:LNC	Lincoln National Corp.
NYSE:MET	MetLife, Inc.
NYSE:PFG	Principal Financial Group Inc.
NYSE:PRU	Prudential Financial, Inc.
TSE:SLF	Sun Life Financial Inc.
TSE:BMO	Bank of Montreal
TSE:BNS	Bank of Nova Scotia

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:BMO	3.7%	TSE:BNS	17.5%	NYSE:AFL	1.7%
2	TSE:BNS	1.9%	NYSE:AFL	15.9%	TSE:BNS	0.9%
3	ASX:PRU	-12.1%	NYSE:MET	13.8%	NYSE:MET	0.8%
4	NYSE:AMP	-12.3%	TSE:BMO	12.4%	NYSE:AMP	0.8%
5	NYSE:AFL	-21.3%	ASX:PRU	11.2%	TSE:BMO	0.7%
6	NYSE:PFG	-22.3%	NYSE:AMP	10.2%	ASX:PRU	0.6%
7	NYSE:MET	-28.3%	NYSE:PFG	7.8%	NYSE:PFG	0.5%
8	NYSE:LNC	-29.6%	NYSE:LNC	2.6%	NYSE:HIG	0.2%
9	<b>TSE:MFC</b>	<b>-34.5%</b>	NYSE:HIG	2.6%	NYSE:LNC	0.1%
10	TSE:SLF	-36.4%	<b>TSE:MFC</b>	<b>0.2%</b>	<b>TSE:MFC</b>	<b>0.0%</b>
11	NYSE:HIG	-37.5%	TSE:SLF	-2.3%	TSE:SLF	-0.1%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:MET	\$31,872,949	NYSE:MET	\$1,693,782	NYSE:AMP	\$7,937,280	NYSE:AMP	\$8,876,896	NYSE:MET	\$20,319,833
2	NYSE:AMP	\$28,290,214	TSE:BNS	\$1,500,000	NYSE:PRU	\$6,328,118	NYSE:PRU	\$7,712,815	NYSE:AMP	\$17,192,959
3	NYSE:PRU	\$24,663,790	NYSE:PRU	\$1,384,697	NYSE:MET	\$5,934,415	NYSE:MET	\$7,628,197	NYSE:AFL	\$9,548,042
4	NYSE:AFL	\$15,182,503	NYSE:AFL	\$1,383,807	NYSE:AFL	\$3,600,161	NYSE:AFL	\$4,983,968	TSE:BNS	\$8,477,746
5	NYSE:LNC	\$12,458,104	NYSE:HIG	\$1,087,976	NYSE:LNC	\$2,868,647	NYSE:LNC	\$3,931,896	TSE:BMO	\$7,952,422
6	TSE:BMO	\$11,672,664	TSE:SLF	\$1,086,090	<b>TSE:MFC</b>	<b>\$1,584,435</b>	TSE:BNS	\$2,900,000	NYSE:PRU	\$7,858,557
7	TSE:BNS	\$11,378,942	NYSE:LNC	\$1,063,249	TSE:BNS	\$1,400,000	<b>TSE:MFC</b>	<b>\$2,570,985</b>	TSE:SLF	\$7,517,528
8	TSE:SLF	\$10,022,637	TSE:BMO	\$1,026,250	NYSE:PFG	\$1,287,768	TSE:BMO	\$2,176,250	NYSE:HIG	\$7,447,673
9	<b>TSE:MFC</b>	<b>\$9,594,334</b>	<b>TSE:MFC</b>	<b>\$986,550</b>	TSE:BMO	\$1,150,000	NYSE:PFG	\$2,155,106	<b>TSE:MFC</b>	<b>\$6,351,742</b>
10	NYSE:PFG	\$9,522,863	NYSE:AMP	\$939,616	TSE:SLF	\$500,000	TSE:SLF	\$1,586,090	NYSE:LNC	\$6,067,736
11	NYSE:HIG	\$8,873,374	NYSE:PFG	\$867,338	NYSE:HIG	\$0	NYSE:HIG	\$1,087,976	NYSE:PFG	\$4,135,254

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

