

June 22, 2007

Canadian Securities Administrators

c/o John Stevenson, Secretary
Ontario Securities Commission
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Dear Sirs and Mesdames:

**Re: Request for comment on proposed repeal and substitution of
Form 52-102F6 Executive Compensation**

Thank you for the opportunity to provide comments on the proposed repeal and substitution of Form 51-102F6 *Statement of Executive Compensation* (the "Draft Form") published for comment on March 29, 2007. Manulife Financial takes these rules seriously and has worked diligently over many years to be a leader in disclosure and governance practices in Canada, including executive compensation disclosure. The comments that follow are made on behalf of and at the request of our Board of Directors through its Management Resources and Compensation Committee.

The Canadian Securities Administrators ("CSA") are to be congratulated for developing a principles-based approach to executive compensation disclosure requirements which would allow issuers some flexibility in how they meet their disclosure obligations. We believe the overall approach taken by the CSA will lead to a greater quality and transparency of disclosure amongst Canadian companies. However, we believe that some of the proposed changes fall short of emerging best practices voluntarily assumed within the financial services industry in Canada and increasingly being adopted by other issuers across all industries. We are also

concerned that certain aspects of the proposed requirements could result in misleading disclosure and make comparisons amongst issuers more difficult.

While some consistency with the rules released in 2006 by the U.S. Securities and Exchange Commission (the "SEC") for executive pay disclosure is a laudable goal, deviation from the SEC's approach in Canada may be warranted in additional circumstances. We would stress that the CSA should be mindful that the rules promulgated by the SEC are in the first year of implementation and are the subject of considerable discussion by U.S. issuers and other commentators. We understand that the SEC will be conducting a review of the 2007 proxy disclosures and will publish a report this Fall, considering if any changes to the rules would be advisable.

The following comments are based on the principle that there must be a clear distinction made between the compensation value provided to a Named Executive Officer ("NEO") in respect of the performance year in question and the issuer's costs and obligations related to the provision of a particular form of compensation.

We expect that the objective of the Draft Form is to communicate these discrete views of compensation in a manner that is applied consistently across each element of compensation of an issuer and across all issuers to ensure common understanding by stakeholders. In our view, the Draft Form's stated goals of improving quality and transparency in executive compensation disclosure cannot be achieved by combining these distinct concepts in the same disclosure items, particularly the Summary Compensation Table (the "SCT"). We would expect that most readers would want to see the value of compensation the board approved for the year in question. Historical issuer costs and changes in obligations do not do this and their use effectively obscures the decisions of the board. We recognize that, while both concepts are important, the disclosure of issuer costs and accrued obligations should be addressed separately.

In view of the foregoing, there are several sections of the Draft Form on which we would like to provide specific comments. Section references in this letter correspond to the discussion in the request for comment circulated with the Draft Form. We have also provided responses to certain of the questions raised in the Draft Form in the attached Appendix A.

Item 1 – General Provisions

(a) Definitions of Incentive Plan and Bonus: The Draft Form defines incentive plan to include "any plan providing compensation intended to serve as an incentive for performance to occur over a specified period." The definition also states that bonuses include "any discretionary payments that do not relate to pre-determined performance conditions."

While we understand that these changes would be consistent with the approach taken by the SEC and may allow for easier comparisons with U.S. issuers, we believe these definitions will make it difficult for the average shareholder to understand the value of annual incentives provided to

NEOs. These changes would also add confusion in the short term by moving away from the generally accepted definition of the term “bonus” in the Canadian marketplace.

We recommend using the Bonus column in the SCT to represent the value of annual incentive provided to each NEO based on the past year’s performance, in the same manner as it has been used by Canadian issuers in the past. Any additional discretionary bonus payments are much less frequent and should be included and footnoted under the All Other Compensation column.

Item 2 – Compensation Discussion and Analysis

(b) Performance graph: The Draft Form states that issuers “must include a performance graph in their Compensation Discussion and Analysis (“CD&A”) that illustrates their cumulative total shareholder return (“TSR”) over the last five years” and to “explain how the trend shown by the graph compares to the trend in the company’s compensation to executives over the same period.”

While TSR is a good metric against which to benchmark issuer performance, there are always difficulties in tying the performance of an issuer’s top executives to only one metric. NEOs make decisions that can take many years to bear fruit and cannot be easily summarized using a single metric. In addition, it would be difficult for some issuers with NEO turnover to be able to respond in a meaningful way to this requirement. We recommend that issuers be required to more broadly comment on how NEO compensation relates to their performance, including a discussion of compensation trends relative to TSR and other measures used by the issuer.

Item 3 - Summary Compensation Table

(b) Salary and bonus: As indicated in Item 1(a) above, we recommend using the Bonus column in the SCT to represent the value of annual incentive provided to each NEO based on the past year’s performance, in the same manner as it has been used by Canadian issuers in the past. Any additional discretionary bonus payments are much less frequent and should be included and footnoted under the All Other Compensation column.

(c) Plan based awards: The Draft Form requires that issuers report equity values in the SCT “using the same methodology and assumptions used for determining the compensation costs of these awards as reported in the company’s financial statements.”

We strongly disagree with this proposed change for reporting plan based awards in the SCT. We believe that the purpose of the SCT should be to illustrate the total value of compensation the board intended to provide to an NEO in respect of their performance for the year in question since such an approach would provide investors with the most meaningful information about such decisions. Including the expensing values for equity awards in the SCT does not achieve that objective since the financial statement methodology and assumptions for equity award costs measure cost to an issuer rather than benefit to an NEO. Equity awards typically vest over a number of years and are expensed over that period. Using expensing values, an NEO with many outstanding awards would appear to be receiving greater compensation in a given year than an

NEO with fewer outstanding awards, even if both NEOs received awards with the same grant value for that year. Pay for performance for a given year will be less obvious if total compensation includes the cost related to prior year grants. Another problem with this method was highlighted in the 2006 compensation disclosure materials of Brookfield Homes Corporation (NYSE: BHS), which was prepared in accordance with similar requirements under the SEC rules and resulted in the reporting of negative equity values for NEOs. A definition of equity compensation value that could result in a negative compensation amount for an NEO clearly does not provide a transparent view of an individual's annual compensation. In addition, Manulife Financial and many other Canadian issuers are subject to accounting rule EIC 162 (equivalent to FAS 123R) which requires equity expensing to be accelerated in the years leading up to an employee's normal retirement age, whether or not the employee actually retires at that time. This would have a further effect of distorting the compensation disclosure for NEOs since the accelerated elements would not accurately reflect the intended compensation of that individual in the applicable year.

We recommend that issuers be required to report intended grant date values of equity awards in the SCT, consistent with current best practices. We believe that use of an accepted valuation methodology to disclose the present value of award opportunities at the grant date is more appropriate for the SCT because it captures the compensation value of equity awards the board intended to provide in respect of the year without introducing the potential unrelated results associated with the financial accounting valuation method. We recommend that issuers be required to show the number of equity units, their valuation methodology and calculations in the footnotes to the SCT. If the CSA would like issuers to report the accounting expense of equity in proxy circulars, consistent with U.S. practice, this could be captured in a table separate from the SCT.

(e) Change in Pension Value: The Draft Form requires that issuers "disclose the increase in actuarial present value of the NEO's accumulated benefit under all defined benefit and actuarial plans (including supplemental plans)" in the SCT. We disagree with this proposal and would strongly suggest that "Service Cost" be adopted as the measure of the annual value to an NEO under a pension plan for the benefits earned in the year. Service Cost is a better measure of annual compensation value to an NEO and is more aligned with emerging best practices in Canada.

Manulife Financial is concerned that the proposed approach will mislead the reader since the proposed disclosure is not representative of compensation value earned in the year for services rendered in that year. The proposed measure is representative of the change in an issuer's pension obligations and includes non-compensation items such as personal contributions made by the NEO and issuer financing costs. Change in Pension Value would be better addressed separately in the discussion of Retirement Plan Benefits in proposed Item 6, which we believe should provide the reader with an understanding of the NEO's total pension and the issuer's obligations in respect of that pension.

Use of Service Cost in the SCT would also permit the reporting of both defined benefit (“DB”) plans and defined contribution (“DC”) plans in the same column. This would provide greater transparency and allow the reader to compare this information across issuers without searching for the DC information in the notes to the SCT.

We include for your consideration at Appendix B a sample form of SCT that incorporates our recommendations.

Item 6 - Retirement Plan Benefits

The Draft Form proposes that issuers include “a new table that will disclose the details of all defined benefit retirement plans, including the present value of the accumulated benefit.” We disagree with the concept of disclosure for each discrete defined benefit (“DB”) plan and favour disclosure on an aggregate plan basis for each NEO.

While Manulife Financial agrees with the replacement of the current disclosure items with more meaningful information, the benefit to be derived from separate reporting for each DB plan is not apparent. This change will overly complicate the disclosure. We believe that the total obligation for each NEO is the most important and meaningful aspect of DB plan disclosure in this section and suggest the table require only one line aggregating the total obligations under all DB plans for each NEO. The narrative descriptions of each plan will provide sufficient detail on how each plan is related and forms part of the overall pension promise.

The new table content will provide less detail than is typical under emerging best practices where Service Cost and other components that comprise the change in the accrued obligations are typically detailed in a year over year reconciliation. Manulife Financial views this as a step backwards. Further, the proposed changes will require additional disclosure for issuers who wish to continue to follow these best practices.

Further, the use of normal retirement age for purposes of disclosing accrued pension obligations will make comparisons across issuers difficult and may understate the values reported in the DB pension table and in the SCT. Early retirement provisions are now to be a required disclosure in the narrative. It follows then that use of assumed retirement ages consistent with those used for financial reporting purposes would be in order and more accurately depict accrued pension obligations, and service cost, where disclosed, facilitating better cross issuer comparisons.

While the Draft Form does not contemplate disclosure for defined contribution (“DC”) plans in tabular format, our view is that a table for DC plans, similar to that proposed for DB plans, would ensure complete disclosure of NEO pension obligations and provide a better basis to compare across issuers.

Item 7 - Termination and Change of Control Benefits

The Draft Form would require issuers “to provide detailed disclosure of payments made to NEOs that are related to their termination or a change of control of the company.” The Draft Form further states that “companies will now have to provide estimated annual payments and benefits that NEOs would receive under various termination scenarios.” The CSA may wish to consider providing a standard set of termination scenarios for each issuer to disclose, such as termination without cause, resignation, retirement and change of control.

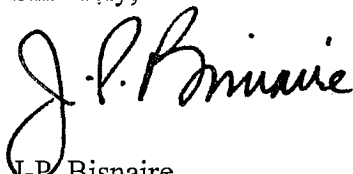
We suggest that disclosing any incremental payments and retirement benefits that would be paid to NEOs on termination would be the only meaningful way of approaching this type of disclosure. For example, any portion of a vested stock option award would not be reported, while any portion of a stock option award where vesting was accelerated as a result of the termination would be reported. In addition, we suggest that the final version of the Draft Form should clearly state that issuers are not expected to factor in assumptions regarding future share price appreciation when determining payments and benefits due on termination or change in control. Also, the final requirements should specify whether details on the annual amount of pension payable or the present value of that pension are required, even though a lump sum payment may not be typically available to the NEO.

Final Comments

Thank you for the opportunity to provide comments on the Draft Form. As a final suggestion, we recommend that the CSA closely monitor feedback provided by U.S. companies to the SEC on their executive compensation disclosure rules to see if there are applicable lessons for the Canadian environment. If such feedback indicates that significant changes to the U.S. rules may be warranted, the CSA should consider delaying implementation of changes to Canadian executive compensation disclosure requirements until the new U.S. rules have been fully developed. In any case, we look forward to seeing the next version of the Draft Form in due course.

If you require any clarification on any of the above, do not hesitate to contact Harold Gershman, Vice President Global Rewards, at 416-926-5327 or at harold_gershman@manulife.com.

Sincerely,



J.P. Bisnaire

cc: Arthur R. Sawchuk, *Chairman of the Board, Manulife Financial*
Dominic D'Alessandro, *President and Chief Executive Officer,*
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Hugh G. Sloan, *Chair, Management Resources and Compensation Committee,*
Manulife Financial
Diane M. Bean, *Executive Vice President, Corporate Affairs and Human*
Resources, Manulife Financial
Angela Shaffer, *Corporate Secretary, Manulife Financial*

APPENDIX A: Response to Specific Questions Raised by the CSA

Question 1: Will the proposed executive compensation form clearly capture all forms of compensation? Have we achieved our objective in drafting a document that will capture disclosure of compensation practices as they change over time?

We agree that the Draft Form clearly captures all forms of NEO compensation for a total compensation picture.

Question 2: Do you agree with our proposal not to substantially change the criteria for determining the top five named executive officers? Should it be based on total compensation or some other measure, such as those with the greatest policy influence or decision-making power at the organization?

We agree with the proposal not to substantially change the criteria for determining NEOs, subject to revising the SCT as we propose.

Question 3: Should information be provided for up to five people individually, or should the information be provided separately for the CEO and CFO, then on an aggregate basis for the remaining three named executive officers?

Our preference would be to continue to show the CEO, CFO and the next three highest paid executives individually in the SCT. Showing the next three highest paid executives on an aggregate basis would not provide meaningful disclosure.

Question 4: Will the proposed CD&A requirements elicit a meaningful discussion of a company's compensation policies and decisions?

We believe that the proposed CD&A requirements will elicit a meaningful discussion of compensation policies and decisions.

Question 5: Should we require companies to provide specific information on performance targets?

We believe that issuers should report on performance relative to their targets, but not necessarily through disclosure of actual performance targets. However, if the CSA were to introduce the requirement to disclose specific performance targets, we believe it should be mandatory for all issuers and there would need to be very specific guidelines for disclosure.

Question 6: Will moving the performance graph to the CD&A and requiring an analysis of the link between performance of the company's stock and executive compensation provide meaningful disclosure?

We support requiring issuers to show how executive compensation relates to issuer, division and individual performance. Our specific comments on the use of total shareholder return can be found in our comment letter under the heading "Item 2 – Compensation Discussion & Analysis".

Question 7: Should the summary compensation table continue to require companies to disclose compensation for each of the company's last three fiscal years, or is a shorter period sufficient?

We agree that the SCT should show three year NEO compensation, starting with the disclosure in 2007.

Question 8: Do you agree with the way bonuses and non-equity incentive plans will be disclosed in the summary compensation table?

No. Please see the discussion in our comment letter under the section entitled "Item 1 – General Provisions" in which we state why the Draft Form should not move away from the generally accepted definition of the term "bonus" currently used in Canada.

Question 9: Do you agree with the proposed disclosure of equity and non-equity awards? Are the distinctions between the types of awards and how they will be presented clearly explained?

No. Please see the discussion in our comment letter under the section entitled "Item 3 – Summary Compensation Table" in which we argue that the basis for presenting annual equity awards in the SCT proposed in the Draft Form is not appropriate.

Question 10: Is it appropriate to present stock and option awards based on the compensation cost of the awards over the service period? If no, how should these awards be valued?

As discussed in our comment letter under the heading "Item 3 – Summary Compensation Table", our view is that it is not appropriate to present stock and option awards based on the compensation cost of those awards in the SCT because the SCT should be focused on the total intended value of annual compensation provided to an NEO. Our view is that the SCT should include grant date fair value of stock and option based awards, and that the compensation cost of such awards should be disclosed elsewhere in the same document.

Question 11: Should the change in the actuarial value of defined benefit pension plans be attributed to executives as part of the summary compensation table?

We believe that the SCT is intended to provide the reader with an understanding of the annual compensation value provided to each NEO. The Change in Pension Value is a measure in part of the issuer's obligations in respect of the NEO's pension, containing elements related to earlier years' pension earned, and therefore does not meet this intention. We believe that Change in Pension Value is not an appropriate measure of "annual compensation value" but could form part of more detailed disclosure in the Retirement Plan Benefits section, such as that typically emerging under voluntary best practices.

Question 12: Should we include the service cost to the company in the summary compensation table instead of the change in actuarial value or in addition to it?

Our view is that the service cost is a much better measure of "annual compensation value" for the reasons noted in our comment letter.

Question 13: Have we retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the bonus column of the summary compensation table?

The disclosure rules for perquisites are clear and sufficient.

Question 14: Should we provide additional guidance on how to identify perquisites?

Additional guidance is not required.

Question 15: Will a total compensation number calculated as proposed provide investors with meaningful information about compensation?

We believe that this number will not provide meaningful information if the Change in Pension Value and current concept of equity valuation are retained. As discussed in our comment letter under the heading "Item 3 – Summary Compensation Table", total compensation will be overstated in some years and grossly distorted in those years where the value change is a negative amount, or declines significantly year over year due to "mark-to-market" assumptions.

Question 16: Will the disclosure of the grant date fair value of stock and option awards, along with the disclosure provided in the summary compensation table, provide a complete picture of executive compensation?

Yes, disclosure of both of these views of stock and options awards will provide a complete picture of executive compensation. However, as stated in our comment letter under the

heading "Item 3 – Summary Compensation Table", we feel that the SCT should include the grant date fair value of stock and option awards and that the compensation cost of those awards should be disclosed elsewhere.

Question 17: Is the information a company will provide in the tables required by item 4 the most relevant information for investors? Do you agree with our decision to take a different approach to the SEC? Could material information be missed by this approach?

We agree and currently provide disclosure which shows how our RSUs may pay out depending on the achievement of the performance condition.

Question 18: Should we require supplemental tabular disclosure of defined contribution pension plans or other deferred compensation plans? Is a breakdown of the contributions and earnings under these plans necessary to understand the complete compensation picture?

As discussed in our comment letter under the heading "Item 6 – Retirement Plan Benefits", our view is that there should be a requirement to disclose the total pension obligation to each NEO in a DB plan table and a separate DC plan table. In the absence of a DC table, the pension obligations for each NEO may not be fully disclosed. A specific breakdown of DC contributions and earnings is not necessary for full disclosure provided that the obligations are disclosed.

Question 19: Should we require estimates of termination payments for all NEOs or just the CEO?

We believe that it is a good governance practice to show the termination payment estimates for all NEOs, subject to clarification as requested under the section in our comment letter entitled "Item 7 – Termination and Change of Control Benefits".

Question 20: Will it be too difficult to provide estimates of potential payments under different termination scenarios? Should we only require an estimate for the largest potential payment to the particular NEO?

Please see the discussion in our comment letter under the section entitled "Item 7 – Termination and Change of Control Benefits".

Question 21: Will expanded disclosure of director compensation provide useful information?

We support the requirement to provide expanded disclosure of director compensation and already meet this requirement in our supplemental disclosure.

Question 22: Do you agree that executive compensation disclosure should remain in the management information circular? Would moving it to another disclosure document provide a clearer link between pay and performance?

We agree that executive compensation disclosure should remain in the management information circular.

Question 23: Are there elements of compensation disclosure that are not relevant to venture issuers and that they should not be required to provide? For example, should we allow venture issuers to disclose compensation for a smaller group of executives as the SEC has done?

Not applicable

Question 24: Are there other specific elements of the requirements that are not relevant for venture issuers?

Not applicable.

Question 25: Would the prescription of a performance measurement tool provide useful information on the link between pay and performance?

We believe the current position of the executive compensation disclosure is appropriate. As stated in our comment letter, we do not believe that issuers should be forced to speak to any one performance metric in their disclosure.

Question 26: Do you think the suggested timeline will give companies enough time to implement these proposed disclosure requirements?

Based on our current understanding of the timeline for implementing the Draft Form, we will be in a position to meet the proposed disclosure requirements.

APPENDIX B: Sample Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Pension Service Cost (\$)	All Other Compensation (\$)	Total Compensation (\$)
CEO		<i>The dollar value of cash and non-cash base salary the NEO earned during the year.</i>	<i>The dollar value of all amounts earned for services performed during the covered fiscal year that are related to awards under non-equity incentive plans. This includes short-term incentive plan payments earned during the year. Discretionary bonus payments should be reported in "All Other Compensation".</i>	<i>The present value of stock awards or units granted for services performed during the covered fiscal year. The number of stock award units, the valuation methodology and calculations should be included in the footnotes.</i>	<i>The present value of option awards granted for services performed during the covered fiscal year. The number of option award units, the valuation methodology and calculations should be included in the footnotes.</i>	<i>The dollar value of Defined Benefit or Defined Contribution pension service cost during the covered fiscal year.</i>	<i>All other compensation as defined in proposed amendment, with the addition of discretionary cash awards that were not based on pre-determined performance criteria.</i>	<i>The dollar value of total compensation for the fiscal year, ie. the sum of all amounts reported in the previous columns.</i>
CFO								
A								
B								
C								