

Report of the Management Resources and Compensation Committee



Gordon G. Thiessen
(Chair)



Linda B. Bammann



Joseph P. Caron



John M. Cassaday
(Vice-Chair)



Pierre Y. Ducros



Scott M. Hand



Lorna R. Marsden



Hugh W. Sloan, Jr.

RESPONSIBILITIES

The Management Resources and Compensation Committee assists the Board in its oversight role respecting:

- The Company's global human resources strategy, policies and programs.
- Matters relating to the appropriate utilization of human resources within the Company with special focus on management succession, development, compensation and the evaluation of performance and recommendations for compensation for executives, including the CEO.
- Disclosure of relevant information on executive compensation to the Company's shareholders and other stakeholders.

INDEPENDENCE

- All committee members are independent, thereby meeting the independence requirements prescribed by applicable securities regulations and by the stock exchanges on which the Company's securities are listed.

2010 HIGHLIGHTS

In 2010, the committee, in accordance with its charter, accomplished the following:

Meetings

- Met eight times during 2010.
- The CEO, other members of management and the committee's independent advisor Hugessen Consulting Inc. ("Hugessen") attended meetings at the invitation of the Chair of the committee.
- Met in camera without management at the end of each meeting.

Executive Performance Assessment and Compensation

- Reviewed and approved the CEO's annual objectives. Assessed the CEO's performance against these objectives and recommended compensation awards for the CEO for approval by the Board.
- Approved the annual objectives and performance assessments of the CEO and Senior Executive Vice Presidents ("SEVPs" and collectively with the CEO, the "Senior Executives") following a review with the CEO. This included a review of the executive's contribution to a culture of integrity and their management of risk.
- Reviewed and approved individual executive compensation awarded to SEVPs and Executive Vice Presidents for 2010.

- Reviewed and recommended to the Board for approval, the Company's 2010 compensation policies, programs and payouts. This included the metrics for the balanced scorecard for the annual incentive plan and the design of the annual and medium-term incentive plans.
- Confirmed the alignment of the compensation programs and payouts with the risk management objectives of the Company.

Senior Executive and CEO Succession

- Reviewed the succession plan status for all executive and senior management positions, including the CEO, assessing whether there is a readiness to fill potential vacancies with qualified people and gaps in the readiness and reported on the results of the succession planning exercise to the Board. (See Talent Management and Succession Planning and the Statement of Corporate Governance Practices on pages 43 and 52 for a description of Manulife's succession planning process and philosophy.)
- Met in camera with the CEO to review the CEO's direct reports and the potential successors with a focus on qualifications required for the position, the competencies and development considerations for each potential successor candidate, and the performance of individual executives in their current roles.
- Reviewed and recommended to the Board for approval the appointment of the following executives: Chief Actuary; Executive Vice President Human Resources; Executive Vice President and Chief Operating Officer, Investment Division; Executive Vice President, Corporate Development; Executive Vice President, Strategic Initiatives; and Chief Accountant, which appointments were filled primarily through internal promotion.

Compensation Developments

To further the alignment between the compensation program and the management of risk in 2010, the committee approved the following:

- A review by Internal Audit of the compensation programs against the Financial Stability Board's Principles for Sound Compensation Practices ("FSB Principles").
- Adoption of dual reporting relationships for the control functions, thereby enhancing their independence from their respective business units.
- Control function executives were jointly assessed on their annual performance by their division head and control

function head. Incentive compensation for the Chief Risk Officer and the Chief Actuary was restructured in 2010 and is entirely related to their individual performance and the performance of their team and not Company financial results. Incentive compensation for all other control function executives is tied to Company financial results rather than the financial results of the division or business unit they oversee.

- The committee reviewed and approved the peer groups used for assessing compensation for Senior Executives.

External Consultant

During 2010, the committee retained Hugessen to act as its independent advisor and to provide it with advice and guidance on compensation issues. All work undertaken by Hugessen was pre-approved by the Chair of the committee.

Hugessen's fees for executive compensation consulting services provided to the Management Resources and Compensation Committee and the Corporate Governance and Nominating Committee in 2010 were \$537,827, compared with \$515,775 in 2009. Services included participation at committee meetings, a comprehensive review of senior executive compensation relative to market practice, and extensive scenario testing of short-term and medium-term incentive plan design. Hugessen did not provide any other services to the Company during 2010.

Charter Review and Compliance

- The committee carried out all of the responsibilities required by its charter.
- The committee reviewed its charter and made recommendations for its amendment to the Board and assessed its performance against its charter.
- The charter and a scorecard of the committee's compliance with its charter can be found at www.manulife.com.

The members of the Management Resources and Compensation Committee approved this report and reviewed and recommended to the Board for approval, the Compensation Discussion and Analysis section of the Proxy Circular.

Gordon G. Thiessen (*Chair*)
Linda B. Bammann
Joseph P. Caron
John M. Cassaday (*Vice-Chair*)
Pierre Y. Ducros
Scott M. Hand
Lorna R. Marsden
Hugh W. Sloan, Jr.