

Headnote

MRRS -- credit support issuer does not satisfy conditions of exemption in section 13.4 of NI 51-102 -- credit support issuer has securities outstanding that are not designated credit support securities because credit supporter has not provided a full and unconditional guarantee -- designated credit support securities cannot have a full and unconditional guarantee because of regulatory capital requirements -- credit support issuer exempt from certain continuous disclosure, certification, and insider reporting requirements under the Legislation, subject to conditions -- capital trust issuer established to provide a regulated entity with a cost effective means of raising regulatory capital -- regulated entity has provided an undertaking not to pay dividends if the capital trust issuer fails to make payments on capital trust securities -- undertaking is functional equivalent of a guarantee -- capital trust securities are ultimately exchangeable into securities of the regulated entity -- capital trust issuer exempt from certain continuous disclosure and certification requirements under the Legislation, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S-5, as am., s. 121(2)(a)(ii) and Part XXI.

National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.4.

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, ss.4.4, 4.5.

National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), ss. 2.1, 6.1.

January 22, 2007

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK,
NOVA SCOTIA AND NEWFOUNDLAND AND
LABRADOR (the Jurisdictions)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
THE MANUFACTURERS LIFE INSURANCE**

**COMPANY (MLI) AND MANULIFE FINANCIAL
CAPITAL TRUST (the Trust) (collectively, the Filers)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that:

1. MLI be granted an exemption (the **Continuous Disclosure Exemption**) from the Continuous Disclosure Requirements pursuant to section 13.1 of NI 51-102;
2. the Trust be granted a Continuous Disclosure Exemption from the Continuous Disclosure Requirements pursuant to section 13.1 of NI 51-102;
3. MLI be granted an exemption (the **Certification Exemption**) from the Certification Requirements pursuant to section 4.5 of MI 52-109;
4. the Trust be granted a Certification Exemption from the Certification Requirements pursuant to section 4.5 of MI 52-109;
5. insiders of MLI be granted an exemption (the **Insider Profile Exemption**) from the requirement to file an insider profile pursuant to section 2.1 of NI 55-102; and
6. insiders of MLI be granted an exemption (the **Insider Reporting Exemption**) from the Insider Reporting Requirements in respect of securities of MLI (collectively, the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS Decision Document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 -- *Definitions* have the same meaning in this decision unless they are defined in this decision.

2002 Trust Order means the decision document dated March 21, 2002, granting the Trust relief from the then applicable requirements contained in the Legislation to: (a) file annual and interim

financial statements; (b) make an annual filing in lieu of filing an information circular; (c) file an annual report and information circular in Québec and deliver such report and circular to the holders of the Trust Securities in Québec; and (d) prepare and file an AIF and MD&A and send such MD&A to the holders of the Trust Securities, subject to certain specified conditions;

2003 MF Order means the decision document dated February 28, 2003 granting Maritime Funding relief from the Insider Reporting Requirements and the requirements to: (a) make an annual filing in lieu of filing an information circular and, in the case of Québec, to file and deliver an information circular, (b) file and deliver interim financial statements and interim MD&A, and (c) file material change reports and press releases related thereto, where such requirement related solely to a material change in the affairs of Maritime Life and which was the subject of a filing by Maritime Life, subject to certain conditions;

2004 OSC Order means the decision document dated March 12, 2004, granting the Trust relief from the requirement to pay the then applicable participation fee under Ontario Securities Commission Rule 13-502 -- *Fees*, subject to certain specified conditions;

2004 Trust Order means the decision document dated September 7, 2004, granting the Trust relief (and, with respect to the relief described in clause (c) below in Québec and British Columbia, on February 15, 2006 and February 24, 2006, respectively) from certain of the then applicable requirements contained in the Legislation to: (a) file annual and interim financial statements; (b) prepare and file under NI 51-102 an AIF and MD&A and send such MD&A to the holders of the Trust Securities; (c) file annual and interim certificates under sections 2.1 and 3.1, respectively, of MI 52-109; and (d) pay a Participation Fee, subject to certain specified conditions;

2005 MF Order means the decision document dated March 11, 2005 granting Maritime Funding (to the extent applicable) relief from (a) the requirements to file and deliver interim financial statements and interim MD&A and to file press releases and material change reports, in the case of material changes that are also material changes in the affairs of MLI, (b) the Insider Reporting Requirements and the requirement to file an insider profile pursuant to section 2.1 of NI 55-102, and (c) the requirement to file interim certificates under section 3.1 of MI 52-109, subject to certain conditions;

AcG15 means Accounting Guideline 15, "Consolidation of Variable Interest Entities";

AIF means an annual information form;

Annual Filings means an issuer's AIF, annual financial statements and annual MD&A filed pursuant to NI 51-102;

Annuities means annuities issued by Maritime Life to Maritime Funding (and since assumed by MLI) to service the MF Notes;

At Par Redemption Date means June 30, 2012;

Automatic Exchange means the automatic exchange of each MaCS - Series A for 40 MLI Class A Shares Series 3 upon the occurrence of certain stated events relating to the solvency of MLI or actions taken by the Superintendent in respect of the financial strength of MLI;

Certification Requirements means the requirements to file (a) annual certificates (as defined in MI 52-109) under section 2.1 of MI 52-109, and (b) interim certificates (as defined in MI 52-109) under section 3.1 of MI 52-109;

Continuous Disclosure Filings means (a) audited annual financial statements including MD&A thereon, required by sections 4.1 and 5.1 of NI 51-102, (b) unaudited interim financial statements including MD&A thereon, required by sections 4.3 and 5.1 of NI 51-102, (c) an AIF required by section 6.1 of NI 51-102, (d) press releases and material change reports, required by section 7.1 of NI 51-102 in the case of material changes that are also material changes in the affairs of MFC, and (e) other material contracts required by section 12.2 of NI 51-102;

Continuous Disclosure Requirements means the requirements contained in NI 51-102 to file and deliver, as applicable, the Continuous Disclosure Filings;

Conversion Right means the right to convert the whole or a part of the MLI A Debenture into MLI Class A Shares Series 2 and MLI Class A Shares Series 3, respectively;

Credit Facility has the meaning given to such term in the MaCS Final Prospectus;

credit support issuer has the meaning given to such term in NI 51-102;

credit supporter has the meaning given to such term in NI 51-102;

DBRS means Dominion Bond Rating Service;

Deficiency Payment means a payment to be calculated as follows:

(a) in the event that, at the time of the determination date, a winding-up order has been made with respect to MFC, then the Deficiency Payment shall be the amount that, when paid to the holders of the MLI Preferred Shares outstanding as of the Triggering Event, will result in:

(i) the holders of Class A Shares of MLI outstanding as of the Triggering Event receiving payment of the same proportion of the unpaid amounts on the Class A Shares of MLI as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC, if any, pursuant to section 95(1) of the WURA ranked on a parity with the claims of the holders of the Class A Shares of MFC; and

(ii) the holders of Class B Shares of MLI outstanding as of the Triggering Event receiving payment of the same proportion of the

unpaid amounts for such Class B Shares of MLI as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC, if any, pursuant to section 95(1) of the WURA ranked on a parity with the claims of the holders of Class B Shares of MFC;

(b) in all circumstances other than those listed above, the Deficiency Payment will equal the aggregate unpaid amounts attributable to all classes of MLI Preferred Shares outstanding as of the Triggering Event;

Demutualization means the demutualization of MLI on September 23, 1999 pursuant to letters patent of conversion issued by the Minister of Finance;

designated credit support securities has the meaning given to such term in NI 51-102;

Dividend Reference Period has the meaning given to such term in the MaCS Final Prospectus;

Dividend Stopper Undertaking has the meaning given to such term in the MaCS Final Prospectus;

Dividends has the meaning given to such term in the MaCS Final Prospectus;

Early Redemption Price has the meaning given to such term in the MaCS Final Prospectus;

Exchange Trustee has the meaning given to such term in the MaCS Final Prospectus;

Funding Debenture has the meaning given to such term in the MaCS Final Prospectus;

GAAP means Canadian generally accepted accounting principles as in effect from time to time;

Holder Exchange Right means the right of holders of MaCS - Series A to exchange each of their MaCS - Series A for 40 MLI Class A Shares Series 2;

ICA means the Insurance Companies Act (Canada), as amended;

ICA Financial Statements means the audited annual financial statements of MLI prepared in order to comply with the ICA;

Indicated Yield means each fixed, semi-annual, non-cumulative cash distribution distributed to holders of a particular series of MaCS;

Insider Reporting Requirements means the requirements in the Legislation for an insider of a reporting issuer to file reports disclosing:

(a) the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer; or

(b) any change or changes to such ownership of, or control or direction over, securities of the reporting issuer;

Interim Filings means an issuer's interim financial statements and interim MD&A filed pursuant to NI 51-102;

John Hancock means John Hancock Financial Services, Inc.;

Liquidation Preference means any amount to which holders of a particular class or series of MLI Preferred Shares are entitled in priority to any amounts which may be payable in respect of any class of shares of MLI which rank junior to such class or series in the event of a distribution of assets upon the liquidation, dissolution or winding-up of MLI;

MaCS means the Tier 1 capital units of the Trust called Manulife Financial Capital Securities;

MaCS Declaration of Trust means the declaration of trust dated October 30, 2001 made by the MaCS Trustee, as amended and restated on December 5, 2001;

MaCS Final Prospectus means the final prospectus of the Trust dated December 5, 2001;

MaCS Redemption Price has the meaning given to the term "Redemption Price" in the MaCS Final Prospectus;

MaCS Trustee means The Canada Trust Company, as trustee of the Trust;

Maritime Funding means Maritime Life Canadian Funding; **Maritime Funding Application** means the application made by Maritime Funding to the Decision Makers to modify the 2005 MF Order to substitute continuous disclosure materials of MFC for continuous disclosure materials of MLI for so long as the Requested Relief is available;

Maritime Funding Guarantee means the full and unconditional unsubordinated guarantee by MFC of the Annuities;

Maritime Life means Old Maritime Corporation Limited, formerly The Maritime Life Assurance Company;

MD&A means management's discussion and analysis;

Merger means the merger of MFC and John Hancock;

MF Declaration of Trust means the declaration of trust dated August 15, 2001 made by the MF Trustee, as amended by the first supplement to the MF Declaration of Trust dated December 14, 2001;

MF Noteholder means a holder of MF Notes;

MF Notes means annuity-backed, secured, limited recourse debt securities of Maritime Funding;

MF Outstanding Notes means the (a) \$200,000,000 5.390% annuity-backed, secured, limited recourse notes, series 2002-2 of Maritime Funding issued March 12, 2002 and payable March 12, 2007, and (b) \$200,000,000 4.551% annuity-backed, secured, limited recourse notes, series 2003-1 of Maritime Funding issued November 12, 2003 and payable November 12, 2008;

MF Trustee means The Canada Trust Company, as trustee of Maritime Funding;

MF Undertaking means the covenants and indemnities provided to Maritime Funding and other specified persons by Maritime Life (and with respect to which MLI has become a co-obligor) with respect to (among other things) Maritime Life's liability for certain claims, liabilities, losses, costs and expenses Maritime Funding may incur in connection with the Programme;

MFC means Manulife Financial Corporation;

MFC Dividend Restricted Shares has the meaning given to such term in the MaCS Final Prospectus;

MFC Guarantees means collectively the Subordinated Debt Guarantee and the Preferred Share Guarantee;

MFC Preferred Shares means collectively the outstanding Class A Shares and Class B Shares of MFC from time to time;

MFC Responsible Issuer Undertaking means the undertaking delivered by MFC to the Ontario Securities Commission confirming that,

(a) following MFC entering into the MFC Guarantees and for so long as MLI and the Trust both qualify for the Continuous Disclosure Exemption, MFC will be considered a "responsible issuer" for purposes of determining MFC's liability under Part XXIII.1 of the *Securities Act* (Ontario) as if MaCS were an "issuer's security" of MFC for purposes of such Part;

(b) following MFC entering into the Maritime Funding Guarantee and becoming a co-obligor with MLI with respect to the MF Undertaking and for so long as MLI qualifies for the Continuous Disclosure Exemption, MFC will be considered a "responsible issuer" for purposes of determining MFC's liability under Part XXIII.1 of the *Securities Act* (Ontario) as if the MF Notes were an "issuer's security" of MFC for purposes of such Part; and

(c) for greater certainty, pursuant to the definition of "issuer's security" in section 138.3(1) of the *Securities Act* (Ontario), MLI Preferred Shares, MLI Subordinated Debentures and designated credit support securities of MLI guaranteed by MFC constitute issuer's securities of MFC for purposes of determining MFC's liability under Part XXIII.1 of the *Securities Act* (Ontario);

MI 52-109 means Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*;

MLI means The Manufacturers Life Insurance Company;

MLI A Debenture means the senior debenture issued by MLI in respect of the MaCS - Series A;

MLI B Debenture means the senior debenture issued by MLI in respect of the MaCS - Series B;

MLI Class A Shares Series 2 means the Class A Shares Series 2 of MLI;

MLI Class A Shares Series 3 means the Class A Shares Series 3 of MLI;

MLI Dividend Restricted Shares has the meaning given to such term in the MaCS Final Prospectus;

MLI MaCS Debentures means collectively the MLI A Debenture and the MLI B Debenture;

MLI Preferred Shares means collectively the outstanding Class A Shares and Class B Shares of MLI from time to time other than shares issued to and held by MFC or an affiliate (as defined in NI 51-102) of MFC;

MLI Responsible Issuer Undertaking means the undertaking delivered by MLI to the Ontario Securities Commission confirming that, following MFC entering into the Maritime Funding Guarantee and becoming a co-obligor with MLI with respect to the MF Undertaking and for so long as Maritime Funding qualifies for the relief in the 2005 MF Order, as varied by the relief requested in the Maritime Funding Application, MLI will be considered a "responsible issuer" for purposes of determining MLI's liability under Part XXIII.1 of the Securities Act (Ontario) as if the MF Notes were an "issuer's security" of MLI for purposes of such Part;

MLI Subordinated Debentures means the \$550,000,000 principal amount of 6.24% subordinated debentures of MLI due February 16, 2016 (first redeemable February 16, 2011);

MTNs means the \$350,000,000 principal amount of 4.67% medium term notes of MFC due March 28, 2013;

NI 45-106 means National Instrument 45-106 - *Prospectus and Registration Exemptions*;

NI 51-102 means National Instrument 51-102 - *Continuous Disclosure Obligations*;

NI 55-102 means National Instrument 55-102 - *System for Electronic Disclosure by Insiders (SEDI)*;

NI 71-101 means National Instrument 71-101 - *The Multijurisdictional Disclosure System*;

Offering means the public offering of 60,000 MaCS - Series A and 940,000 MaCS - Series B pursuant to the MaCS Final Prospectus;

OSFI means the Office of the Superintendent of Financial Institutions (Canada);

Participation Fee means an annual participation fee under section 2.2 of Ontario Securities Commission Rule 13-502 - *Fees*;

Preferred Share Guarantee means the subordinated guarantee by MFC of the payments to be made by MLI under the MLI Preferred Shares, which consist of (a) the amount of any declared and unpaid dividends on the MLI Preferred Shares, (b) the Redemption Price of the MLI Preferred Shares, and, (c) the Liquidation Preference of the MLI Preferred Shares;

Programme means Maritime Funding's programme of acquiring, through a dealer or an affiliate thereof, the Annuities;

Public Preferred Shares has the meaning given to such term in the MaCS Final Prospectus;

Redemption Date has the meaning given to such term in the MaCS Final Prospectus;

Redemption Price means the amount payable by MLI following presentation and surrender of any MLI Preferred Shares which have been redeemed by MLI or which are then redeemable by the holder pursuant to the terms of such MLI Preferred Shares;

Reorganization means the reorganization of MFC's Canadian insurance subsidiaries in December 2004;

S&P means Standard & Poor's;

SEDAR means the System for Electronic Document Analysis and Retrieval;

Share Exchange Agreement MaCS Series A means the share exchange agreement MaCS Series A entered into by MFC, MLI, the Trust and the Exchange Trustee on December 10, 2001;

Share Exchange Agreement MaCS Series B means the share exchange agreement MaCS Series B entered into by MFC, MLI, the Trust and the Exchange Trustee on December 10, 2001;

Special Trust Securities means the Special Trust Securities of the Trust;

Subordinated Debt Guarantee means the full and unconditional subordinated guarantee by MFC of MLI's payment obligations in respect of the MLI Subordinated Debentures;

Summary Financial Information means the comparative financial information that includes the following line items: (a) revenues; (b) income from continuing operations (before extraordinary items); (c) net earnings; (d) invested assets; (e) other assets; (f) policy liabilities; and (g) other liabilities;

Superintendent means the Superintendent of Financial Institutions (Canada);

Tax Act means the *Income Tax Act* (Canada), as amended;

Triggering Event will occur if MLI:

(a) fails to make full payment of any dividend declared on any MLI Preferred Shares on the date required for such payment; or

(b) fails to make payment in full when due of the Redemption Price; or

(c) becomes subject to a "winding-up order" (as defined under the WURA or any order of similar effect made under applicable laws for the winding-up, liquidation or dissolution of MLI);

Trust means Manulife Financial Capital Trust;

Trust Assets has the meaning given to such term in the MaCS Final Prospectus;

Trust Redemption Right means the redemption right held by the Trust commencing on December 31, 2006 and on any Distribution Date thereafter, subject to regulatory approval and on not less than 30 nor more than 60 days' prior written notice, to redeem the MaCS - Series A at the greater of the MaCS Redemption Price and the Early Redemption Price, if the MaCS - Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price, if the MaCS are redeemed on or after the At Par Redemption Date;

Trust Securities means, collectively, the Special Trust Securities and the MaCS;

Trust Special Event Redemption Right means the redemption right of the Trust, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, whereupon the occurrence of certain regulatory or tax events affecting MLI or the Trust, the Trust may redeem, at any time, all but not less than all of the MaCS - Series A at the Early Redemption Price if the MaCS - Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price if the MaCS - Series A are redeemed on or after the At Par Redemption Date;

VIEs means variable interest entities; and

WURA means the *Winding-up and Restructuring Act* (Canada), as amended.

Representations

This decision is based on the following facts represented by the Filers:

MLI

Incorporation and Status

1. MLI was incorporated on June 23, 1887, by a Special Act of Parliament of the Dominion of Canada. Pursuant to the provisions of the then *Canadian and British Insurance Companies Act* (Canada), the predecessor legislation to the ICA, MLI undertook a plan of mutualization and became a mutual life insurance company on December 19, 1968. On September 23, 1999 MLI completed the Demutualization.

2. MLI's head office is located in Ontario. MLI is regulated by OSFI and it is licensed under the insurance legislation of each province and territory of Canada. MLI has a financial year end of December 31. MLI is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime and has held that status since filing a non-offering prospectus on May 19, 1994. To the best of its knowledge, MLI is not in default of any applicable requirement under the Legislation.

Capital Structure

3. MLI's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, issuable in series, and an unlimited number of Class B Shares, issuable in series. There are eight series of Class A Shares which are authorized for issuance. MLI is authorized to issue 40,000 Class A Shares Series 1; 2,400,000 Class A Shares Series 2; 2,400,000 Class A Shares Series 3; 37,600,000 Class A Shares Series 4; 37,600,000 Class A Shares Series 5; 4,000,000 Class A Shares Series 6; 100,000,000 Class A Shares Series 7; and an unlimited number of Class A Shares Series Z.

4. As of October 2, 2006, approximately 2,232,884,700 Common Shares, 40,000 Class A Shares Series 1 and 3,420,906 Class A Shares Series 6 were issued and outstanding. MFC holds all of the issued and outstanding MLI Common Shares and Class A Shares Series 1. MLI issued the Class A Shares Series 6 (first redeemable December 31, 2007) on October 20, 2004 pursuant to a short form prospectus dated September 27, 2004. MFC may from time to time subscribe for a sufficient number of Class A Shares Series Z such that at all times MFC will control any class vote of the Class A Shares. The Class A Shares Series 6 are rated Pfd-1 by DBRS and AA or P-1 (high) by S&P.

5. MLI also issued the MLI Subordinated Debentures on February 16, 2001 pursuant to a prospectus supplement dated February 14, 2001 to MLI's base shelf prospectus dated September 1, 2000. The MLI Subordinated Debentures are rated AA (low) by DBRS and AA+ by S&P.

6. MLI prepares the ICA Financial Statements in order to comply with section 331 of the ICA, which requires that such financial statements be placed before its shareholders and policyholders at every annual meeting. MLI is also required to

send the ICA Financial Statements to its registered shareholder and policyholders and to file them with the Superintendent not later than 21 days before the date of the annual meeting pursuant to sections 334(1) and 335(1) of the ICA.

MFC

Incorporation and Status

7. MFC was incorporated under the ICA on April 26, 1999. On September 23, 1999, in connection with the Demutualization, MFC became the sole shareholder of MLI and certain holders of participating life insurance policies of MLI became shareholders of MFC. On September 24, 1999, MFC filed a final prospectus in connection with an initial treasury and secondary offering conducted in Canada and the United States. On April 28, 2004, MFC completed the Merger and as a result MFC acquired all of the issued and outstanding shares of John Hancock common stock and MLI and John Hancock became sister companies.

8. MFC's head office is located in Ontario. MFC is regulated by OSFI. MFC is a publicly traded company on the Toronto Stock Exchange, the New York Stock Exchange, the Stock Exchange of Hong Kong Limited and the Philippine Stock Exchange. MFC has a financial year end of December 31. MFC is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime and is not, to the best of its knowledge, in default of any applicable requirement under the Legislation.

Capital Structure

9. The authorized share capital of MFC consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, issuable in series and an unlimited number of Class B Shares, issuable in series. There are three series of Class A Shares which are authorized for issuance. MFC is authorized to issue 14 million Class A Shares Series 1, 14 million Class A Shares Series 2 and 12 million Class A Shares Series 3.

10. As of October 2, 2006, approximately 1,546 million Common Shares, 14 million Class A Shares Series 1, 14 million Class A Shares Series 2 and 12 million Class A Shares Series 3 were issued and outstanding. The Class A Shares, Series 1, Class A Shares, Series 2 and the Class A Shares, Series 3 are rated Pfd-1 (low) by DBRS and P-1 by S&P.

11. MFC also issued the MTNs on March 28, 2006 pursuant to a pricing supplement dated March 23, 2006 to MFC's prospectus supplement dated May 19, 2005 and to MFC's base shelf prospectus dated February 9, 2005. The MTNs are rated AA (low) by DBRS and AA by S&P.

The Trust and the MaCS Trustee

Formation and Status

12. The Trust is an open-end trust established under the laws of the Province of Ontario by the MaCS Trustee pursuant to the MaCS Declaration of Trust. The Trust is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime and is not, to the best of its knowledge, in default of any applicable requirement under the Legislation.

Capital Structure

13. The Trust's authorized capital consists of an unlimited number of MaCS, issuable in series, and an unlimited number of Special Trust Securities. The outstanding securities of the Trust consist of (a) Special Trust Securities, which are voting securities of the Trust, and (b) MaCS -- Series A and MaCS -- Series B. All 2,000 outstanding Special Trust Securities are held by MLI, which is a direct subsidiary of MFC. As a result, the Trust is an indirect subsidiary of MFC under the ICA. The Trust distributed 60,000 MaCS -- Series A and 940,000 MaCS -- Series B pursuant to the Offering. The MaCS -- Series A are listed on the Toronto Stock Exchange and the MaCS -- Series B are not listed on any exchange. The MaCS may be redeemed at par beginning on June 30, 2012.

Business of the Trust

14. The Trust is a special purpose issuer established solely for the purpose of effecting the Offering in order to provide MLI (and indirectly MFC) with a cost-effective means of raising capital for Canadian insurance company regulatory purposes by (a) creating and selling the Trust Securities, and (b) acquiring and holding Trust Assets which consist primarily of the MLI MaCS Debentures. The Trust used the proceeds of the Offering to purchase the MLI MaCS Debentures. The MLI MaCS Debentures generate income for distribution to holders of the Trust Securities on a semi-annual, non-cumulative basis.

15. The Trust does not have any material assets other than the MLI MaCS Debentures and the Funding Debenture. An aggregate of \$39.0 million was outstanding on the Funding Debenture as of September 30, 2006. The Trust Securities are the only outstanding securities of the Trust. The only material liability of the Trust is the Credit Facility. The Credit Facility is used by the Trust only for purposes of ensuring liquidity in the normal course of the Trust's activities, to facilitate the payment by the Trust of the expenses of the Offering and to finance the purchase of the Funding Debenture from MLI. As of September 30, 2006 an aggregate of \$37.9 million was outstanding under the Credit Facility.

Description of the Trust Securities

16. Representations 17 through 33 only refer to the MaCS - Series A, MLI Class A Shares Series 2, MLI Class A Shares Series 3, the MLI A Debenture and the

Share Exchange Agreement MaCS - Series A. The features of each series of MaCS, each related debenture issued by MLI and each related share exchange agreement will be, and in the case of the MaCS - Series B, the MLI B Debenture and the Share Exchange Agreement MaCS - Series B are, the same as the MaCS - Series A, the MLI A Debenture and the Share Exchange Agreement MaCS - Series A described herein except as follows:

- (a) the Indicated Yield payable on each series of MaCS is different;
- (b) the interest rate on each debenture is different but corresponds to the Indicated Yield of the particular corresponding series of MaCS;
- (c) the Redemption Date of each debenture is different; and
- (d) each series of MaCS and the corresponding debenture is exchangeable or convertible into separate series of shares of MLI with attributes similar to the MLI Class A Shares Series 2 and Series 3, except that the dates upon which various rights arise are different from the MaCS - Series A and the MLI Class A Shares Series 2 and Series 3.

All of these terms for the MaCS -- Series A and the MaCS -- Series B were fully set forth in the MaCS Final Prospectus.

17. The MLI A Debenture bears interest that is distributed to holders of MaCS -- Series A by way of payment of the Indicated Yield and any excess net income, after such distributions are made, is distributed to MLI as the holder of the Special Trust Securities.

18. The MaCS Final Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Conversion Right which will allow the Trust to satisfy the Holder Exchange Right and the Automatic Exchange.

19. The Trust will not pay the Indicated Yield if (a) MLI has Public Preferred Shares outstanding and MLI fails to declare Dividends on any of the Public Preferred Shares in accordance with their respective terms, or (b) MLI fails to declare Dividends on its Class A Shares Series 1, in either case, in the Dividend Reference Period. Pursuant to the Dividend Stopper Undertaking, MFC and MLI have agreed, for the benefit of the holders of MaCS -- Series A, that, in the event that the Trust fails, on any applicable distribution date, to pay the Indicated Yield on the MaCS ? Series A in full (a) MLI will not pay Dividends on the MLI Dividend Restricted Shares, or (b) if MLI Dividend Restricted Shares are not outstanding, MFC will not pay Dividends on the MFC Dividend Restricted Shares, in each case, until the 12th month following the Trust's failure to pay the

Indicated Yield in full, unless the Trust first pays such Indicated Yield (or the unpaid portion thereof) to holders of the MaCS ? Series A. The Dividend Stopper Undertaking is in the Share Exchange Agreement MaCS ? Series A. At the date hereof, MLI does not have a class of Public Preferred Shares outstanding.

20. Pursuant to an administration agreement dated December 10, 2001 between the MaCS Trustee and MLI, the MaCS Trustee has delegated to MLI certain of its obligations in relation to the administration of the Trust. Under such agreement, MLI, as administrative agent, provides advice and counsel with respect to the administration of the day-to-day operations of the Trust and other matters as may be requested by the MaCS Trustee from time to time.

21. Pursuant to the terms of the MaCS -- Series A and the Share Exchange Agreement MaCS -- Series A, the MaCS -- Series A (a) may be exchanged for MLI Class A Shares Series 2 pursuant to the Holder Exchange Right and (b) will be automatically exchanged for MLI Class A Shares Series 3 pursuant to the Automatic Exchange.

22. The Holder Exchange Right and the Automatic Exchange will be effected through the Conversion Right. Upon the exercise of the Holder Exchange Right or the Automatic Exchange, the Trust will convert the corresponding principal amount of the MLI A Debenture into MLI Class A Shares Series 2 or MLI Class A Shares Series 3, as the case may be.

23. The MLI Class A Shares Series 2 and the MLI Class A Shares Series 3 will be redeemable after specified dates, at the option of MLI and subject to regulatory approvals, by the payment of a cash amount or by the delivery of common shares of MFC.

24. On and after June 30, 2051, the MLI Class A Shares Series 2 and MLI Class A Shares Series 3 will be exchangeable, at the option of the holder, into common shares of MFC, except under certain circumstances.

25. The Trust has the Trust Redemption Right. Similarly, MLI, as the holder of the Special Trust Securities, may require the termination of the Trust provided that holders of MaCS ? Series A receive the Early Redemption Price or the MaCS Redemption Price, as applicable, and subject to regulatory approval. References to the Trust Redemption Right includes a termination of the Trust on this basis.

26. The Trust has an additional redemption right, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, whereupon the occurrence of certain regulatory or tax events affecting MLI or the Trust, the Trust may redeem, at any time, all but not less than all of the MaCS ? Series A at the Early Redemption Price if the MaCS ? Series A are redeemed prior to the At Par Redemption Date and at the MaCS Redemption Price if the MaCS ? Series A are redeemed on or after the At Par Redemption Date.

27. As set forth in the MaCS Declaration of Trust, MaCS - Series A are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

28. Except to the extent that the Indicated Yield is payable to holders of MaCS and, other than in the event of termination of the Trust (as set forth in the MaCS Declaration of Trust), holders of MaCS have no claim or entitlement to the income of the Trust or the assets held by the Trust.

29. In certain circumstances (as described in paragraph 21 above), including at a time when MLI's financial condition is deteriorating or proceedings for the winding-up of MLI have been commenced, the MaCS - Series A will be automatically exchanged for MLI Class A Shares Series 3 without the consent of the holders of MaCS. As a result, holders of MaCS will have no claim or entitlement to the assets held by the Trust, other than indirectly in their capacity as preferred shareholders of MLI.

30. Holders of MaCS may not take any action to terminate the Trust.

31. The return to holders of MaCS is dependent on the financial condition of MLI rather than the Trust. Holders of MaCS are ultimately concerned about the affairs and financial performance of MLI as opposed to that of the Trust.

32. The MaCS are treated for insurance regulatory capital purposes as if they are preferred shares of MLI and as a result, if any circumstance arose where the solvency or financial strength of MLI was threatened, the Superintendent would be expected to move to ensure that the Automatic Exchange is triggered prior to the occurrence of any potential insolvency event at MLI (such as a situation where MLI failed to make a payment on an outstanding debt, including the MLI MaCS Debentures or a declared and unpaid dividend on the MLI Preferred Shares).

33. MLI owns 100% of the outstanding voting Special Trust Securities and has covenanted, pursuant to the Share Exchange Agreement MaCS -- Series A, to maintain ownership, directly or indirectly, of 100% of the Special Trust Securities. Under GAAP in force at the time of the Offering, MLI's covenant resulted in the financial results of the Trust being consolidated with those of MLI.

Change in Accounting Policy

34. In June 2003, the Canadian Institute of Chartered Accountants issued AcG 15, which was effective for MFC and its subsidiaries on January 1, 2005. AcG 15 sets out the application of consolidation principles to VIEs that are subject to consolidation on the basis of beneficial financial interest as opposed to ownership of voting interest. MLI determined that the Trust is a VIE and that MLI is not the primary beneficial interest holder. As a result, the Trust has been deconsolidated

and the MLI MaCS Debentures issued to the Trust by MLI have been reported in liabilities for preferred shares and capital instruments in MLI's interim and annual financial statements for periods commencing on and after January 1, 2005. MFC also determined that the Trust is a VIE and that MFC is not the primary beneficial interest holder. As a result, the Trust has been deconsolidated and the MLI MaCS Debentures have been reported in liabilities for preferred shares and capital instruments in MFC's interim and annual financial statements for periods commencing on and after January 1, 2005. Nevertheless, the outstanding MaCS continue to form part of the Tier 1 regulatory capital for MLI.

Prior Securities Exemptive Relief

35. The Trust obtained the 2002 Trust Order and the 2004 OSC Order. As of April 28, 2004, the date of completion of the Merger, the Trust ceased to satisfy the conditions of the 2002 Trust Order and the 2004 OSC Order. Consequently, the 2002 Trust Order expired on May 28, 2004 and the Trust no longer had the benefit of the 2004 OSC Order.

36. The Trust applied for and was issued the 2004 Trust Order on September 7, 2004.

Maritime Funding

37. Maritime Funding was established as a special purpose trust by RBC Dominion Securities Inc., as settlor, under the MF Declaration of Trust. The MF Declaration of Trust was made by the MF Trustee and is governed by the laws of the Province of Ontario. The current beneficiary of Maritime Funding is a charitable organization.

38. Pursuant to the terms of the MF Declaration of Trust, the business activities of Maritime Funding are substantially limited to conducting, operating and administering the Programme and financing the Programme through the issuance of MF Notes. Maritime Funding is otherwise limited from carrying on any active business.

39. Maritime Funding is a reporting issuer or the equivalent thereof in each of the Jurisdictions.

Issued and Outstanding MF Notes

40. The MF Outstanding Notes are presently outstanding.

41. The obligations of Maritime Funding under each series of MF Outstanding Notes are payable only from cashflows from, and the recourse of the MF Noteholders are limited to the related security over, each Annuity issued by Maritime Life and acquired by Maritime Funding in connection with such series.

42. In connection with the Programme, Maritime Life entered into contracts with Maritime Funding providing for the obligations to which the MF Undertaking relates.

43. Maritime Funding does not intend to issue additional MF Notes or other securities in the future.

The Reorganization

44. On April 28, 2004, Maritime Life became an indirect subsidiary of MFC as a result of the Merger. In connection with the Reorganization, MLI assumed all of the obligations and liabilities of Maritime Life under the Annuities and became obligated as an additional obligor in respect of Maritime Life's other obligations and liabilities under the Programme. MLI also provided additional covenants and indemnities for the benefit of intermediaries involved in the Programme and MF Noteholders.

45. The current financial strength rating (or claims paying rating) of MLI from S&P is AAA and from Moody's Investor Services, Inc. is Aa2.

Prior Securities Exemptive Relief

46. On February 28, 2003, the Decision Makers, other than the Decision Maker in New Brunswick, issued the 2003 MF Order. At the time that the 2003 MF Order was granted and the MF Outstanding Notes were issued by Maritime Funding, Maritime Life was an insurance company under the ICA and a reporting issuer, or the equivalent thereof, in each of the provinces of Canada.

47. Following the Reorganization, Maritime Life obtained an MRRS Decision Document providing that it would cease to be a reporting issuer under applicable securities laws as of March 15, 2005 and thus it is no longer obligated to prepare, file and deliver continuous disclosure documents under applicable securities laws.

48. On March 11, 2005, the Decision Makers issued the 2005 MF Order.

49. Maritime Funding submitted the Maritime Funding Application on November 24, 2006.

The MFC Guarantees

50. MFC intends to provide the MFC Guarantees in connection with securities issued, or to be issued, by MLI.

51. MFC intends to provide the Subordinated Debt Guarantee which will result in holders of MLI Subordinated Debentures being entitled to receive payment from

MFC within 15 days of any failure by MLI to make a payment due under the MLI Subordinated Debentures.

52. MFC intends to grant a similar guarantee in respect of any non-convertible debt securities issued by MLI in the future, other than:

(a) debt securities issued to and held by MFC or its affiliates (as defined in NI 51-102);

(b) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(c) securities issued under exemptions from the registration requirement and prospectus requirement in section 2.35 of NI 45-106.

Such a guarantee will be described in the applicable prospectus or prospectus supplement filed by MLI in connection with a distribution of the guaranteed debt securities.

53. MFC intends to provide the Preferred Share Guarantee. The amount payable under the Preferred Share Guarantee for any declared and unpaid dividends, Redemption Price and Liquidation Preference will be limited so that the claims of holders of the MLI Preferred Shares under the guarantee will, in effect, rank equally with the claims of holders of the corresponding series of MFC Preferred Shares. To accomplish this, the Preferred Share Guarantee will provide that if a Triggering Event occurs, MFC will pay the Deficiency Payment to MLI, in trust for the benefit of holders of MLI Preferred Shares outstanding as of the Triggering Event.

54. The Preferred Share Guarantee will apply in respect of any MLI Preferred Shares outstanding from time to time. The Preferred Share Guarantee will be described in the applicable prospectus or prospectus supplement filed by MLI in connection with any future distribution of MLI Preferred Shares.

55. The Preferred Share Guarantee will rank subordinate to any and all outstanding liabilities of MFC unless otherwise provided by the terms of the instrument creating or evidencing any such liability. However, since the Preferred Share Guarantee will be a debt obligation of MFC and therefore will rank ahead of the claims of holders of MFC's Preferred Shares, the calculation of the amount payable under the Preferred Share Guarantee will be subject to reduction so that on the distribution of assets upon a winding-up of MFC claims under the Preferred Share Guarantee will effectively rank equally with the claims of holders

of the MFC Preferred Shares. Otherwise, the Preferred Share Guarantee would negatively impact the capital treatment of the MLI Preferred Shares for MFC for insurance regulatory purposes.

56. Each of the MFC Guarantees will terminate (subject to any existing rights or claims at the time of such termination) upon the earlier to occur of:

- (a) unless MFC and MLI agree to the contrary, the date that no MLI securities which are the subject of such guarantee (or securities convertible into or exchangeable for such securities, including, in the case of the Preferred Share Guarantee, MaCS) are outstanding;
- (b) the date that MFC no longer owns all of the outstanding common shares of MLI;
- (c) the date that the relief contemplated by this decision is no longer available to MLI; or
- (d) the date MLI commences filing its own Continuous Disclosure Filings with the Decision Makers;

provided that, MFC may not terminate the Preferred Share Guarantee in respect of the MLI Class A Shares Series 2, the MLI Class A Shares Series 3, the MLI Class A Shares Series 4 and the MLI Class A Shares Series 5 pursuant to clauses (b), (c) or (d) above at any time:

- (i) after the occurrence of an Automatic Exchange;
or
- (ii) during a period when MLI has failed to make full payment of any dividend declared on any MLI Preferred Shares on the date required for such payment or has failed to make payment in full when due of the Redemption Price and, in either case, such failure has not been remedied by payment of such amounts in full by MLI or MFC.

Maritime Funding Guarantee and Agreements

57. Concurrently with entering into the MFC Guarantees, MFC intends to provide the Maritime Funding Guarantee and become co-obligor with MLI with respect to the MF Undertaking. The Maritime Funding Guarantee is the subject of the Maritime Funding Application.

58. The Maritime Funding Guarantee and MFC's obligations as a co-obligor under the MF Undertaking will terminate (subject to any existing rights or claims at the time of such termination) upon the earlier to occur of:

- (a) unless MFC and MLI agree to the contrary, the date that no Annuities which are the subject of such guarantee are outstanding or obligations under the MF Undertaking are outstanding;
- (b) the date that MFC no longer owns, directly or indirectly, all of the outstanding common shares of MLI;
- (c) the date that Maritime Funding ceases to be a reporting issuer, or the equivalent thereof, in all of the provinces of Canada; or
- (d) the date MLI commences filing its own Continuous Disclosure Filings with the Decision Makers.

The Requested Relief

59. The Requested Relief will simplify MFC's, MLI's, and the Trust's respective continuous disclosure obligations. Preparing and, where applicable, printing and distributing, continuous disclosure materials of both MFC and MLI is costly and time consuming.

Continuous Disclosure and Certification Exemptions of MLI

60. The MLI Continuous Disclosure Exemption is substantially similar to the relief available to "credit support issuers" under section 13.4(2) of NI 51-102. With the MFC Guarantees, MLI would be able to satisfy each of the criteria of section 13.4(2) of NI 51-102, other than the requirements set out in section 13.4(2)(c).

61. The MLI Certification Exemption is substantially similar to the relief under section 4.4 of MI 52-109, which provides an exemption from the requirements of MI 52-109 for an issuer that qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.4 of NI 51-102.

62. Section 13.4(2)(c) of NI 51-102 requires that the credit support issuer not issue any securities other than:

- (a) non-convertible debt and non-convertible preferred shares or convertible debt and convertible preferred shares that are convertible into securities of the credit supporter (in each case, where the credit supporter has provided alternative credit support or a full and unconditional guarantee of the payments to be made

by the credit support issuer that results in the holder of such securities being entitled to receive payment from the credit supporter or, in the case of alternative credit support, the credit support issuer, within 15 days of any failure by the credit support issuer to make a payment);

(b) securities issued to and held by the credit supporter or an affiliate (as defined in NI 51-102) of the credit supporter;

(c) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or

(d) securities issued under exemptions from the registration requirement and prospectus requirement in section 2.35 of NI 45-106.

63. The Preferred Share Guarantee will be structured such that, in a circumstance where MLI fails to make payment of either declared dividends or the Redemption Price of MLI Preferred Shares when properly surrendered for redemption, or there exists insufficient assets to pay the Liquidation Preference upon the liquidation or winding-up of MLI, and at such time a winding-up order has been made in respect of MFC, payment of such amounts to holders of MLI Preferred Shares will not be made until the final distribution of surplus of MFC, if any, to shareholders of MFC pursuant to section 95(1) of the WURA. In circumstances where MFC is not the subject of a winding-up order, holders of MLI Preferred Shares will be entitled to payment from MFC within 15 days of the non-payment of dividends or of the non-payment of the Redemption Price of MLI Preferred Shares and, in the case of the Liquidation Preference, within 15 days of the later of (a) the date of the final distribution of property of MLI to creditors pursuant to section 93 of the WURA and (b) the date of the final distribution of surplus of MLI, if any, to shareholders pursuant to section 95(1) of the WURA.

64. With the addition of the MFC Guarantees, the only issued and outstanding securities of MLI that will not satisfy the conditions in section 13.4(2)(c) of NI 51-102 are the MLI Preferred Shares because the Preferred Share Guarantee will not be a full and unconditional guarantee as required by the definition of "designated credit support securities" in section 13.4(1) of NI 51-102 for the following reasons:

(a) if MFC is subject to a winding-up order under the WURA, holders of MLI Preferred Shares will not be entitled to payment from MFC under the Preferred Share Guarantee until the final

distribution of surplus of MFC, if any, to MFC shareholders pursuant to section 95(1) of the WURA;

(b) if MFC is subject to a winding-up order under the WURA, the payment by MFC to holders of MLI Preferred Shares under the Preferred Share Guarantee will be an amount that, when paid, will result in the holders of a class of MLI Preferred Shares receiving payment of the same proportion of the unpaid amounts on the class of MLI Preferred Shares as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of MFC under the WURA ranked on parity with the claims of the holders of the corresponding class of MFC Preferred Shares; and

(c) if MLI is subject to a winding-up order under the WURA, holders of MLI Preferred Shares will not be entitled to payment from MFC under the Preferred Share Guarantee until the later of (i) the date of the final distribution of property of MLI to creditors pursuant to section 93 of the WURA, and (ii) the date of the final distribution of surplus of MLI, if any, to MLI shareholders pursuant to Section 95(1) of the WURA.

Insider Reporting Exemption of MLI

65. Section 13.4(3) of NI 51-102 provides an exemption from the Insider Reporting Requirements for an insider of a credit support issuer in respect of securities of the credit support issuer provided that certain conditions are satisfied. With the MFC Guarantees, MLI satisfies each of the criteria of section 13.4(3) of NI 51-102, other than the requirement set out in section 13.4(3)(e), which is substantially similar to the requirement of section 13.4(2)(c) and limits the types of securities which the credit supporter may issue.

Liability for Secondary Market Disclosure

66. MFC and MLI have delivered to the Ontario Securities Commission the MFC Responsible Issuer Undertaking and the MLI Responsible Issuer Undertaking, respectively. MFC will file the MFC Responsible Issuer Undertaking and MLI will file the MLI Responsible Issuer Undertaking on their respective SEDAR profiles following MFC entering into the MFC Guarantees and the Maritime Funding Guarantee.

Implementation of Guarantees and Related Agreements

67. MFC has delivered an undertaking to the Decision Makers that, as soon as practicable after the granting of this Decision Document, it will take the following steps:

(a) it will enter into the MFC Guarantees and the Maritime Funding Guarantee; and

(b) it will become a co-obligor with MLI with respect to the MF Undertaking,

and that it will use its best efforts to complete such steps within five business days of the granting of this Decision Document.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Continuous Disclosure Exemption be granted to MLI provided that:

(a) MFC and MLI continue to be regulated by OSFI;

(b) MFC continues to be the direct or indirect beneficial owner of all the issued and outstanding voting securities (as defined in the Legislation) of MLI;

(c) MFC and MLI remain reporting issuers or the equivalent thereof under the Legislation;

(d) MFC enters into the MFC Guarantees within fifteen business days of the date of this decision and MFC continues to provide the MFC Guarantees;

(e) MFC enters into the Maritime Funding Guarantee and becomes a co-obligor with MLI with respect to the MF Undertaking within fifteen business days of the date of this decision and, for so long as the Annuities are outstanding and there are obligations under the MF Undertaking outstanding, MFC continues to provide the Maritime Funding Guarantee and remains a co-obligor with MLI with respect to the MF Undertaking;

(f) MFC and MLI announce the implementation of the MFC Guarantees by press release;

(g) a copy of the Subordinated Debt Guarantee is filed under MFC's and MLI's respective SEDAR profiles and a copy of the Preferred Share Guarantee is filed under MFC's, MLI's and the Trust's respective SEDAR profiles;

(h) MFC complies with the requirements of the Legislation and the requirements of the Toronto Stock Exchange in respect of making public disclosure of material information on a timely basis;

(i) MFC immediately issues in Canada and files any news release that discloses a material change in its affairs;

(j) MFC concurrently sends to all holders of guaranteed debt securities of MLI all disclosure materials that are sent to holders of similar debt securities of MFC in the manner and at the time required by the Legislation and the Toronto Stock Exchange;

(k) MFC concurrently sends to all holders of MLI Preferred Shares and MaCS, all disclosure materials that are sent to holders of preferred shares of MFC which are similar to MLI Preferred Shares in the manner and at the time required by the Legislation and the Toronto Stock Exchange;

(l) MFC files for the periods covered by any interim or annual consolidated financial statements of MFC (either as a standalone document or as part of such MFC financial statements), consolidating Summary Financial Information for MFC presented with a separate column for each of the following: (i) MFC; (ii) MLI; (iii) in the event that any subsidiaries of MFC have also guaranteed any designated credit support securities of MLI or MLI Preferred Shares, each of such subsidiaries on a combined basis; (iv) any other subsidiaries of MFC on a combined basis; (v) consolidating adjustments; and (vi) the total consolidated amounts;

(m) MLI files a notice indicating that it is relying on the Continuous Disclosure Filings of MFC and setting out where those documents can be found for viewing in electronic format;

(n) MLI immediately issues in Canada a news release and files a material change report for all material changes in respect of the affairs of MLI that are not also material changes in the affairs of MFC;

(o) MLI files its annual financial statements prepared in accordance with Canadian GAAP concurrently with the filing of the ICA Financial Statements with the Superintendent in accordance with the ICA;

(p) MLI does not issue any securities, and does not have any securities outstanding, other than: (i) designated credit support securities; (ii) securities issued to and held by MFC or an affiliate

(as defined in NI 51-102) of MFC; (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; (iv) securities issued under exemptions from the registration requirement and prospectus requirement in section 2.35 of NI 45-106; and (v) MLI Preferred Shares that have a Preferred Share Guarantee;

(q) concurrently herewith, the relief requested by the Maritime Funding Application is granted; and

(r) such Continuous Disclosure Exemption will cease to apply on January 15, 2012.

The decision of the Decision Makers under the Legislation is that the Continuous Disclosure Exemption be granted to the Trust provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) for so long as any MaCS are outstanding, MFC and MLI continue to provide the Dividend Stopper Undertaking;

(c) the Trust does not issue any securities, and does not have securities outstanding, other than: (i) MaCS, and (ii) Special Trust Securities;

(d) the Trust does not have any material assets other than the MLI MaCS Debentures and the Funding Debenture and has no other material liabilities other than the Credit Facility;

(e) the Trust files a notice indicating that it is relying on the Continuous Disclosure Filings of MFC and setting out where those documents can be found for viewing in electronic format;

(f) the Trust issues in Canada a news release and files a material change report for all material changes in respect of the affairs of the Trust that are not also material changes in the affairs of MLI or MFC;

(g) all of the outstanding Special Trust Securities are beneficially owned by MLI or any of its affiliates (as defined in NI 51-102) and all of the issued and outstanding voting shares of MLI or of its

affiliates which own the Special Trust Securities are beneficially owned by MFC;

(h) the rights and obligations, other than the economic terms thereof as described in representation 16, of holders of additional MaCS are the same in all material respects as the rights and obligations of holders of MaCS-Series A and MaCS-Series B at the date of this decision, including any rights and obligations related to the Preferred Share Guarantee; and

(i) such Continuous Disclosure Exemption will cease to apply on January 15, 2012.

The further decision of the Decision Makers is that the Certification Exemption be granted to MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) MLI and the Trust are not required to, and do not, file their own Annual Filings and Interim Filings; and

(c) such Certification Exemption will cease to apply on January 15, 2012.

The further decision of the Decision Makers is that the Certification Exemption be granted to the Trust provided that:

(a) the Trust qualifies for the relief contemplated by, and MFC, MLI and the Trust are in compliance with the requirements and conditions set out in the Trust's Continuous Disclosure Exemption;

(b) the Trust is not required to, and does not, file its own Annual Filings and Interim Filings; and

(c) such Certification Exemption will cease to apply on January 15, 2012.

The further decision of the Decision Makers is that the Insider Profile Exemption be granted to insiders of MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with, the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning MFC before the material facts or material changes are generally disclosed;

(c) the insider is not an insider of MFC in any capacity other than by virtue of being an insider of MLI;

(d) if the insider is MFC, MFC does not beneficially own any designated credit support securities issued by MLI, MLI Preferred Shares or MaCS; and

(e) such Insider Profile Exemption will cease to apply on January 15, 2012.

The further decision of the Decision Makers is that the 2004 Trust Order is revoked.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

The decision of the Decision Makers is that the Insider Reporting Exemption be granted to insiders of MLI provided that:

(a) MLI qualifies for the relief contemplated by, and MFC and MLI are in compliance with, the requirements and conditions set out in MLI's Continuous Disclosure Exemption;

(b) the insider qualifies for the relief contemplated by the Insider Profile Exemption; and

(c) such Insider Reporting Exemption will cease to apply on January 15, 2012.

"Robert L. Shirriff"

"Wendell S. Wigle"