

A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final base shelf prospectus, and any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document. The final base shelf prospectus of Manulife Financial Corporation in connection with the securities described in this document is available at www.sedar.com.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws, and will not be offered or sold within the United States. See “Selling Restrictions United States” below.

November 5, 2021



Manulife Financial Corporation

**4.10% Limited Recourse Capital Notes Series 2 (Subordinated Indebtedness)
Final Term Sheet**

Issuer:	Manulife Financial Corporation (“MFC”)
Issue:	4.10% Limited Recourse Capital Notes Series 2 (Subordinated Indebtedness) (the “Notes”)
Expected Credit Ratings¹:	DBRS: A (low) S&P: BBB+
Principal Amount:	C\$1.2 billion
Par Value:	\$1,000 per Note
Pricing Date:	November 5, 2021
Settlement Date:	November 12, 2021 (T+4)
Initial Interest Reset Date:	March 19, 2027

¹ A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Maturity Date: March 19, 2082 (60.3 years)

On the Maturity Date, MFC will repay to holders of the Notes (“**Noteholders**”) the principal amount, plus accrued and unpaid interest to but excluding the Maturity Date. See also under “**Limited Recourse**” below.

Interest: MFC will pay interest on the Notes in equal (subject to the reset of the interest rate and the short first coupon) semi-annual instalments in arrears on March 19 and September 19 of each year, with the first payment on March 19, 2022.

From the date of issue to but excluding March 19, 2027, the Notes will bear interest at the rate of 4.10% per annum. Starting on March 19, 2027 and on every fifth anniversary of such date thereafter until March 19, 2077 (each such date an “**Interest Reset Date**”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, a “**Fixed Rate Calculation Date**”) plus the Credit Spread. Assuming the Notes are issued on November 12, 2021, the first interest payment on the Notes on March 19, 2022 will be in an amount of \$14.265753425 per \$1,000 principal amount of Notes.

“**Government of Canada Yield**” as at any Fixed Rate Calculation Date means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by MFC, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span

such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“Bloomberg Screen GCAN5YR Page” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

“Subsequent Fixed Rate Period” means the period from and including March 19, 2027 to but excluding March 19, 2032 and each five-year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding March 19 in the fifth year thereafter.

Interest Deferrability: Interest payments are non-deferrable.

Immediately after a Failed Coupon Payment Date (defined below), pursuant to the limited recourse feature described below, each Noteholder will receive such Noteholder’s proportionate share of the Corresponding Trust Assets (defined below). Upon delivery to holders of their proportionate share of the Corresponding Trust Assets following a Failed Coupon Payment Date, all Notes will cease to be outstanding and each holder of the Notes will cease to be entitled to interest thereon.

“Failed Coupon Payment Date” means the fifth business day immediately following an interest payment date upon which MFC does not pay interest on the Notes in cash and has not cured such non-payment by subsequently paying such interest in cash prior to such fifth business day.

Credit Spread: [The Credit Spread, and any disclosure relating to the Credit Spread, has been removed in accordance with subsection 9A.3(4) of National Instrument 44-102 – *Shelf Distributions*]

Interest Rate to Initial Interest Reset Date: 4.10%

Yield to Initial Interest Reset Date: 4.101%

Issue Price: \$1,000 per \$1,000 principal amount

Redemption: The Notes may be redeemed at the option of MFC, with the prior written approval of the Superintendent of Financial Institutions

(Canada) (the “**Superintendent**”), in whole or in part on not less than 15 nor more than 60 days’ prior notice by MFC, every five years during the period from February 19 to and including March 19, commencing in 2027, at the Redemption Price.

MFC may also, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, at any time on or following a Special Event Date (defined below) and on not less than 30 nor more than 60 days’ prior notice, at the Redemption Price.

Upon redemption by MFC of the Preferred Shares (defined below) held by the LRT Trustee prior to the Maturity Date (such redemption will be subject to the prior written approval of the Superintendent), outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Preferred Shares redeemed by MFC shall automatically and immediately be redeemed, for a cash amount equal to the Redemption Price thereof, without the consent of the Noteholders. Subject to the provisions of the *Insurance Companies Act* (Canada) (the “**ICA**”), the consent of the Superintendent and various restrictions on the retirement of the Preferred Shares, the Preferred Shares are redeemable at the option of MFC during the period from February 19, 2027 to and including March 19, 2027 and during the period from February 19 to and including March 19 every fifth year thereafter and in certain other circumstances. See the Final Term Sheet for the Preferred Shares attached as Annex A (the “**Preferred Share Final Term Sheet**”) for circumstances under which the Preferred Shares may be redeemed by MFC. For certainty, to the extent that MFC has immediately prior to or concurrently with such Preferred Share redemption redeemed or purchased for cancellation a corresponding number of Notes in accordance with the terms of the Trust Indenture (defined below), such requirement to redeem a corresponding number of Notes shall be deemed satisfied.

Any Notes redeemed by MFC shall be cancelled and may not be reissued.

MFC will not redeem the Notes under any circumstances if such redemption would, directly or indirectly, result in MFC’s breach of any provision of the ICA or the Office of the Superintendent of Financial Institutions Canada’s Life Insurance Capital Adequacy Test (“**LICAT**”) Guideline.

As a result of the redemption provisions applicable to the Preferred Shares and the Notes, the LRT Trustee will, at all times

prior to a Recourse Event (defined below), hold one Preferred Share for each \$1,000 principal amount of Notes outstanding.

“**Redemption Price**” of a Note means the aggregate of (i) the principal amount of such Note, and (ii) any accrued and unpaid interest up to but excluding the date of redemption.

“**Regulatory Event Date**” means the date specified in a letter from the Superintendent to MFC on which the Notes will no longer be recognized in full as eligible “Tier 1 Capital Instruments other than Common Shares” or will no longer be eligible to be included in full as risk-based “Available Capital” on a consolidated basis, in each case under the LICAT Guideline as interpreted by the Superintendent.

“**Special Event Date**” means a date that is a Regulatory Event Date or a Tax Event Date.

“**Tax Event Date**” means the date on which MFC has received an opinion of independent counsel of nationally recognized standing experienced in such matters (who may be counsel to MFC) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**Administrative Action**”); or (iii) any amendment to, clarification of, or change (including any announced prospective change) in, the official position with respect to or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, Administrative Action, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or Administrative Action is announced on or after the date of issue of the Notes, there is more than an

insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or Administrative Action is effective and applicable) that (A) MFC or the Limited Recourse Trust is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by MFC of interest on the Notes) or the treatment of the Notes or the Preferred Shares (including dividends thereon) or other assets of the Limited Recourse Trust or the Limited Recourse Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Limited Recourse Trust is, or will be, subject to more than a *de minimis* amount of taxes, duties or other governmental charges or civil liabilities.

Limited Recourse:

If (i) there is non-payment by MFC of the principal amount of the Notes, together with any accrued and unpaid interest, in cash on the Maturity Date, (ii) a Failed Coupon Payment Date occurs, (iii) MFC does not pay on the applicable redemption date the Redemption Price in connection with a redemption of the Notes in cash or (iv) an event of default under the Notes occurs (each such event, a “**Recourse Event**”), while a Noteholder will have a claim against MFC for the principal amount of the Notes and any accrued and unpaid interest (which will then be due and payable), the recourse of each Noteholder will be limited to that Noteholder’s proportionate share of the assets held by a third party trustee (the “**LRT Trustee**”) in respect of the Notes (the “**Corresponding Trust Assets**”) in Manulife LRCN Limited Recourse Trust (the “**Limited Recourse Trust**”). The LRT Trustee will hold assets in the Limited Recourse Trust in respect of more than one series of limited recourse capital notes, and the assets (including MFC’s preferred shares) for each such series will be held separate from the assets for other series. Computershare Trust Company of Canada will act as the LRT Trustee.

Initially, at the time of issuance of the Notes, the Corresponding Trust Assets will consist of MFC’s Non-Cumulative Fixed Rate Reset Class 1 Shares Series 28 (“**Preferred Shares**”) issued at an issue price of \$1,000 per Preferred Share. The Corresponding Trust Assets may alternatively consist of (i) Preferred Shares (or proceeds with respect to the subscription for units of the Limited Recourse Trust by MFC, which are to be used by the LRT Trustee to subscribe for Preferred Shares), (ii) cash from the

redemption, or the purchase by MFC for cancellation, of Preferred Shares (other than any portion of such cash in respect of any declared and unpaid dividends), or (iii) any combination thereof, depending on the circumstances.

The number of Preferred Shares issued at the time of issuance of the Notes will be equal to the total principal amount of the Notes divided by \$1,000. If the Corresponding Trust Assets consist of Preferred Shares at the time a Recourse Event occurs, the LRT Trustee will deliver to each Noteholder one Preferred Share for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Preferred Shares will exhaust all remedies of each Noteholder against MFC for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable.

The receipt by a Noteholder of its proportionate share of the Corresponding Trust Assets upon the occurrence of a Recourse Event shall exhaust all remedies of such Noteholder under the Notes. If a Noteholder does not receive its proportionate share of the Corresponding Trust Assets under such circumstances, the sole remedy of the Noteholders for any claims against MFC shall be limited to a claim for the delivery of such Corresponding Trust Assets.

In case of any shortfall resulting from the value of the Corresponding Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the Noteholders.

All claims of Noteholders against MFC under the Notes will be extinguished upon receipt of the Corresponding Trust Assets.

Trust Indenture:

The Notes will be issued under the provisions of a trust indenture to be dated as of November 12, 2021 (as supplemented from time to time, the “**Trust Indenture**”) between MFC and BNY Trust Company of Canada, acting as trustee (the “**Indenture Trustee**”).

Purchase for Cancellation:

MFC will have the right at any time, subject to the prior written approval of the Superintendent and provided that it is not in default under the Trust Indenture, to purchase the Notes in the market or by invitation for tenders or by private contract at any price. All Notes that are purchased by MFC will be cancelled and will not be reissued. Notwithstanding the foregoing, any of

MFC's subsidiaries may purchase Notes in the ordinary course of their business of dealing in securities.

Conversion: The Notes are not convertible into any other property.

Events of Default: The only events of default under the Notes shall be bankruptcy, insolvency, or liquidation of MFC.

An event of default under the Notes will not include any non-payment by MFC of the principal amount of or interest on the Notes or the non-performance by MFC of any other covenant of MFC in the Trust Indenture.

The occurrence of an event of default is a Recourse Event for which the sole remedy of the Noteholders shall be the delivery of the Corresponding Trust Assets. In case of an event of default, the delivery of the Corresponding Trust Assets to the Noteholders will exhaust all remedies of such Noteholders in connection with such event of default. See "Limited Recourse" above.

Voting Rights: None, other than in certain limited circumstances to be described in the Trust Indenture.

Selling Restrictions Canada: The Notes may only be offered and sold in Canada to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("NI 45-106") or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each dealer involved in the offering of the Notes in Canada will represent and covenant, severally and not on a joint and several basis, to MFC that it will only sell the Notes to such purchasers in Canada.

Deemed Representations by Canadian Purchasers: By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to MFC and the dealer from whom the purchase confirmation is received that such purchaser is an "accredited investor" (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.

Selling Restrictions United States: The Notes and the Preferred Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws, and the dealers involved in the offering of Notes have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution in the United States, its territories, its possessions and other areas subject to its

jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act).

Prohibited Owners:

The terms and conditions of the Notes will include mechanics to allow MFC to attempt to facilitate a sale of Preferred Shares (issued upon a Recourse Event) on behalf of those Noteholders who are Ineligible Government Holders (as defined below) or Ineligible Persons (as defined below) or who, by virtue of that delivery, would become Significant Shareholders (as defined below). The net proceeds received by MFC from the sale of any such Preferred Shares will be divided among the applicable persons in proportion to the number of Preferred Shares that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding tax.

“Ineligible Government Holder” means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in MFC’s securities register of a transfer or issue of any share of MFC to such person would cause MFC to contravene the ICA.

“Ineligible Person” means (i) any person whose address is in, or whom MFC or the transfer agent for the Preferred Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Preferred Shares would require MFC to take any action to comply with insurance, securities or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by MFC or delivery by its transfer agent to that person of Preferred Shares would cause MFC to be in violation of any law to which MFC is subject.

“Significant Shareholder” means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of MFC in excess of that permitted by the ICA.

Form:

The Notes will be registered in the name of CDS Clearing and Depository Services Inc. or its nominee (“CDS”) and will be subject to the provisions of the Trust Indenture.

Denominations:

Minimum of \$200,000 and integral multiples of \$1,000 in excess thereof.

Status and Subordination: The Notes will be direct unsecured subordinated indebtedness of MFC and will rank subordinate to all of MFC's policy liabilities and all of MFC's other indebtedness (including all of MFC's other unsecured and subordinated indebtedness) from time to time issued and outstanding, except for such indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.

Upon the occurrence of a Recourse Event, the recourse of each holder of the Notes will be limited to the holder's proportionate share of the Corresponding Trust Assets. As mentioned above, the receipt by a Noteholder of its proportionate share of the Corresponding Trust Assets upon the occurrence of a Recourse Event shall exhaust all remedies of such Noteholder under the Notes. If a Noteholder does not receive its proportionate share of the Corresponding Trust Assets under such circumstances, the sole remedy of the Noteholder for any claims against MFC shall be limited to a claim for the delivery of such Corresponding Trust Assets. If the Corresponding Trust Assets that are delivered to the Noteholders under such circumstances comprise of Preferred Shares, such Preferred Shares will rank on a parity with MFC's other Class 1 Shares (the "**Class 1 Shares**") and its Class A Shares (the "**Class A Shares**").

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.

Risk Factors: An investment in the Notes (and Preferred Shares upon delivery of the assets of the Limited Recourse Trust) is subject to certain risks. Please refer to the prospectus supplement for the offering for a discussion of those risks. As an investment in the Notes may become an investment in the Preferred Shares in certain circumstances, potential investors in the Notes should consider the risks discussed in the prospectus supplement regarding the Preferred Shares in addition to the risks regarding the Notes.

Governing Law: The Trust Indenture and the Notes will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Limited Recourse Trust is formed under the laws of the Province of Manitoba.

Use of Proceeds: MFC intends to use the net proceeds of the sale of the Notes for general corporate purposes, including investment in subsidiaries and potential future redemptions of existing securities.

Agents: RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (as Joint Bookrunners)

BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Merrill Lynch Canada Inc., Manulife Securities Incorporated, HSBC Securities (Canada) Inc., BNP Paribas (Canada) Securities Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc., and Raymond James Ltd. (as Co-Managers)

CUSIP / ISIN: 56501RAM8 / CA56501RAM84



Manulife Financial Corporation

**Non-Cumulative Fixed Rate Reset Class 1 Shares Series 28
Final Term Sheet**

Capitalized terms used in this document but not defined have the meaning given to them in the Final Term Sheet for 4.10% Limited Recourse Capital Notes Series 2 (Subordinated Indebtedness) to which this Final Term Sheet is attached.

Issuer:	Manulife Financial Corporation (“MFC”)
Issue:	Non-Cumulative Fixed Rate Reset Class 1 Shares Series 28 (the “Preferred Shares”) The Preferred Shares will be issued to the LRT Trustee which will hold legal title to the Preferred Shares in trust as trustee for the benefit of MFC to satisfy the recourse of Noteholders in respect of MFC’s obligations under the Trust Indenture.
Expected Credit Ratings²:	DBRS: Pfd-2 (high) S&P: BBB+
Principal Amount:	\$1.2 billion
Issue Price:	\$1,000 per Preferred Share
Pricing Date:	November 5, 2021
Settlement Date:	November 10, 2021 (T+3)
Maturity:	Perpetual
Yield to Interest Reset Date:	4.101%
Dividends:	During the Initial Fixed Rate Period, the holders of the Preferred Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the board of directors, subject to the provisions of the ICA, on the 19th day of March and September in each year, at an annual amount per share determined by multiplying the Initial Annual Fixed Dividend Rate by \$1,000.00; provided that, whenever it is

² A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

necessary to compute any dividend amount in respect of the Preferred Shares for a period of less than one full semi-annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period, the holders of the Preferred Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the board of directors, subject to the provisions of the ICA, on the 19th day of March and September in each year, at an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$1,000.00.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.704%.

“Bloomberg Screen GCAN5YR Page” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

“Fixed Period End Date” means March 19, 2027 and each March 19 every fifth year thereafter.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

“Government of Canada Yield” as at any Fixed Rate Calculation Date means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at

100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by MFC, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“Initial Annual Fixed Dividend Rate” means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect as of the date of issue of the Notes.

“Initial Fixed Rate Period” means, the period from and including the Settlement Date to but excluding March 19, 2027.

“Initial Reset Date” means March 19, 2027.

“Subsequent Fixed Rate Period” means the period from and including the Initial Reset Date to but excluding the next Fixed Period End Date and each five-year period thereafter from and including such Fixed Period End Date to but excluding the next Fixed Period End Date.

Dividend Waiver:

The LRT Trustee, as trustee, will, by written notice, provide to MFC a waiver of its right to receive any and all dividends on the Preferred Shares during the period from and including the date of the waiver to and including the date upon which the LRT Trustee, as trustee, provides, by written notice, a revocation of such waiver to MFC. Accordingly, no dividends are expected to be declared or paid on the Preferred Shares while the Preferred Shares are held by the LRT Trustee. The dividend waiver is applicable to the LRT Trustee and will not bind a subsequent holder of the Preferred Shares. MFC will provide a covenant to the LRT Trustee that, at any time while the Preferred Shares are held by the LRT Trustee and the dividend waiver is no longer in effect, if it does not declare and pay dividends in full on the Preferred Shares, it will not declare or pay cash dividends on any of its other outstanding series of Class 1 Shares or any of its Class A Shares.

Dividend Deferability:

If the board of directors does not declare the dividends, or any part thereof, on the Preferred Shares on or before the dividend payment date for a particular semi-annual period, then the entitlement of the holders of the Preferred Shares to such dividends, or to any part thereof, for such semi-annual period will be forever extinguished.

MFC may also be restricted under the ICA from paying dividends on the Preferred Shares in certain circumstances.

Restrictions on Dividends and Retirement of Shares:

MFC will not declare, pay or set apart for payment any dividend on the common shares of MFC (the “**Common Shares**”) or any other shares ranking junior to the Preferred Shares (other than stock dividends in any shares ranking junior to the Preferred Shares); redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares); redeem, purchase or otherwise retire less than all of the Preferred Shares; or, except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of MFC, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares, unless, in each case, all dividends on the Preferred Shares up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Preferred Shares, have been declared and paid or set apart for payment.

Redemption:

Except as noted below, the Preferred Shares will not be redeemable prior to February 19, 2027.

Subject to the provisions of the ICA and the written approval of the Superintendent, during the period from February 19, 2027 to and including March 19, 2027 and during the period from February 19 to and including March 19 every fifth year thereafter, MFC may redeem all or any part of the outstanding Preferred Shares. The redemption price per share will be equal to \$1,000, plus any declared and unpaid dividends (of which none are expected for so long as the Preferred Shares are held by the LRT Trustee) up to but excluding the date fixed for redemption.

Upon the occurrence of a Special Event Date (which may necessarily only occur prior to the occurrence of a Recourse Event), MFC may also, at its option, with the prior written approval of the Superintendent, redeem the Preferred Shares, in whole but not in part, at any time on or following a Special Event Date in respect of the Notes, at a redemption price per share which is equal to \$1,000, plus any declared and unpaid dividends (of which none are expected for so long as the Preferred Shares are held by the LRT Trustee) up to but excluding the date fixed for redemption.

If at any time MFC, with the prior written approval of the Superintendent, redeems Notes in accordance with their terms or purchases Notes, in whole or in part, in the market or by tender or by private contract, for cancellation, then MFC shall, subject to the prior written approval of the Superintendent, redeem such number of Preferred Shares with an aggregate face amount equal to the aggregate principal amount of Notes redeemed or purchased for cancellation by MFC, by the payment of an amount in cash for each share redeemed of \$1,000, plus any declared and unpaid dividends (of which none are expected for so long as the Preferred Shares are held by the LRT Trustee) up to but excluding the date fixed for redemption.

Concurrently with or upon the maturity of the Notes, MFC shall, subject to the prior written approval of the Superintendent, redeem all of the outstanding Preferred Shares by the payment of an amount in cash for each share redeemed of \$1,000, plus any declared and unpaid dividends (of which none are expected for so long as the Preferred Shares are held by the LRT Trustee) up to but excluding the date fixed for redemption, and apply, or cause the LRT Trustee to apply, the proceeds of such redemption towards the repayment of the aggregate principal amount of and any accrued and unpaid interest on the Notes, unless otherwise satisfied by MFC.

Notice of any redemption other than a Special Event Redemption will be given by MFC to registered holders not more than 60 days and not less than 15 days prior to the redemption date. Notice of any Special Event Redemption will be given by MFC to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

As a result of the redemption provisions applicable to the Preferred Shares and the Notes, the LRT Trustee will, at all times

prior to a Recourse Event, hold one Preferred Share for each \$1,000 principal amount of Notes outstanding.

Purchase for Cancellation: Subject to the provisions of the ICA, including the requirement to obtain the prior written approval of the Superintendent, MFC may at any time or times purchase for cancellation all or any part of the Preferred Shares outstanding from time to time, in the market or by tender or by private contract, at any price.

Rights on Liquidation: In the event of MFC's liquidation, dissolution or winding-up, holders of the Preferred Shares will be entitled to receive \$1,000 per share, together with all dividends declared and unpaid (of which none are expected for so long as the Preferred Shares are held by the LRT Trustee) to the date of payment, before any amount may be paid or any of MFC's assets distributed to the registered holders of any shares ranking junior to the Preferred Shares. The holders of Preferred Shares will not be entitled to share in any further distribution of assets.

The Preferred Shares shall rank on a parity with every other series of the Class 1 Shares with respect to dividends and return of capital. The Preferred Shares shall rank equally with the Class A Shares and shall be entitled to a preference over the Class B Shares of MFC, the Common Shares and any other shares ranking junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of MFC, whether voluntary or involuntary, or any other distribution of the assets of MFC among its shareholders for the specific purpose of winding-up its affairs.

Voting Rights: Except as otherwise required under the ICA or MFC's by-laws, the holders of the Preferred Shares will not be entitled to receive notice of or to attend or to vote at any meetings of the shareholders of MFC until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under "Dividend Deferability", above. The voting rights of holders of Preferred Shares will forthwith cease upon payment by MFC of a dividend on the Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose.

For certainty, the LRT Trustee, as holder of the Preferred Shares, will not be entitled to the voting rights described in the preceding paragraph at any time while the dividend waiver described above has been delivered to MFC and not revoked. If the dividend waiver has been revoked and the LRT Trustee becomes entitled

to voting rights, the LRT Trustee will exercise any voting rights in respect of the Preferred Shares held by the LRT Trustee only as directed by MFC, and MFC will provide instructions as to the voting of Preferred Shares only upon receiving directions from the Noteholders.

Tax Election:

The terms of the Preferred Shares require MFC to make the necessary election under Part VI.1 of the *Income Tax Act* (Canada) so that corporate holders will not be subject to the tax under Part IV.1 of the *Income Tax Act* (Canada) on dividends received (or deemed to be received) on the Preferred Shares.

CUSIP / ISIN:

56501R577 / CA56501R5776

NOT REGISTERED IN THE UNITED STATES

The Notes and the Preferred Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. The Notes and the Preferred Shares are being sold only outside the United States to non-U.S. persons (as defined in Regulation S under the U.S. Securities Act).