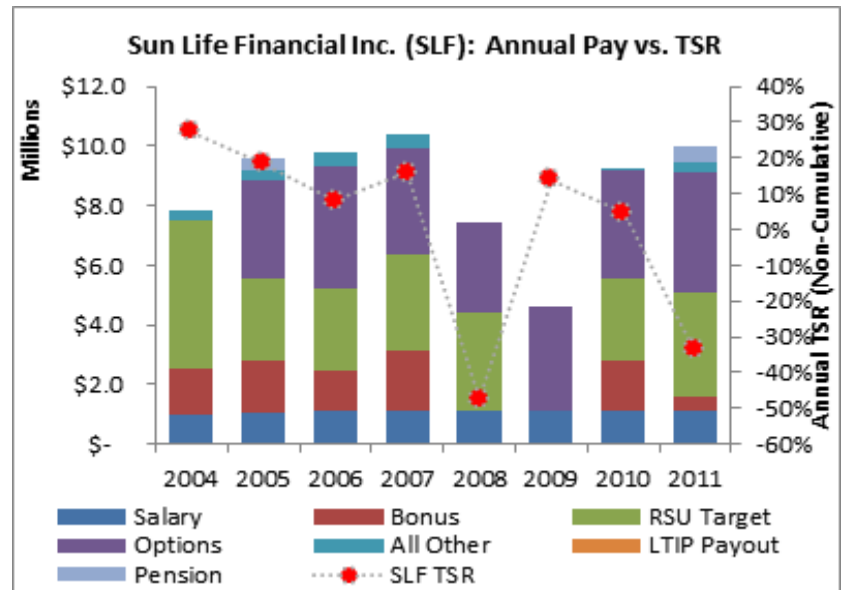
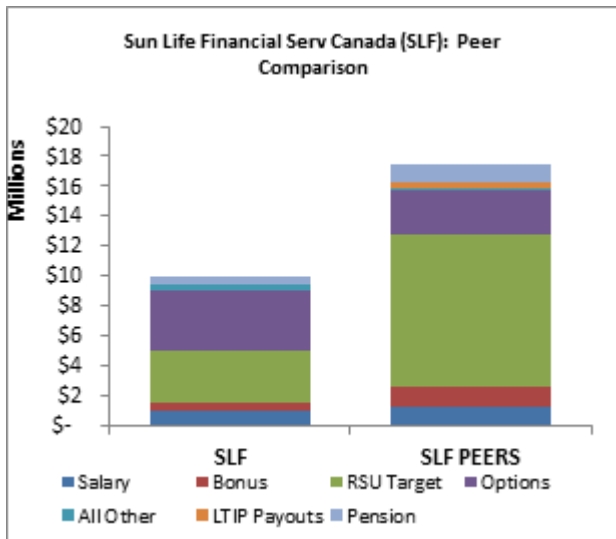


# Sun Life Financial Svcs. Canada (SLF): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 0	4 YEAR = 0	6 YEAR = 3	8 YEAR = 10	TOTAL: 13/24

SLF CEO, Donald Stewart, did not receive a bonus or PSU grant in 2009, the year following the onset of the Financial Crisis, nor did he receive a bonus in 2008. In 2011, SLF's share price suffered another difficult year (-34% TSR), however CEO pay increased by 10% over 2010. As a result, near-term pay/performance alignment was very poor. **In our 8-year observation, though, pay/performance alignment was very close, with CEO pay change and TSR within 10% of each other. This long-term success drove SLF's Pay for Performance Score of 13/24.**

In 2011, SLF ranked 6th out of 11 peers in total CEO pay and last in ROE and ROA. In the top left chart below, the much of the average peer CEO pay is driven by the nearly \$57m granted to the CEO of The Phoenix Companies in 2011.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
AMS:AGN	AEGON N.V.
NYSE:AIG	American International Group (AIG), Inc.
NYSE:CNO	CNO Financial Group Inc.
NYSE:GNW	Genworth Financial Inc
AMS:INGA	ING Groep N.V.
NYSE:PNX	The Phoenix Companies, Inc.
NYSE:UNM	Unum Group
TSE:BMO	Bank of Montreal
TSE:MFC	Manulife Financial Corporation
TSE:BNS	Bank of Nova Scotia

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:BMO	3.7%	TSE:BNS	17.5%	NYSE:AIG	3.1%
2	TSE:BNS	1.9%	NYSE:AIG	17.3%	NYSE:CNO	1.2%
3	NYSE:CNO	-6.9%	TSE:BMO	12.4%	TSE:BNS	0.9%
4	NYSE:UNM	-11.6%	NYSE:CNO	9.0%	TSE:BMO	0.7%
5	AMS:INGA	-26.8%	AMS:INGA	8.1%	NYSE:UNM	0.4%
6	NYSE:PNX	-33.9%	NYSE:UNM	3.0%	AMS:INGA	0.3%
7	AMS:AGN	-34.4%	NYSE:GNW	0.8%	NYSE:GNW	0.1%
8	TSE:MFC	-34.5%	NYSE:PNX	0.7%	NYSE:PNX	0.0%
9	<b>TSE:SLF</b>	<b>-36.4%</b>	TSE:MFC	0.2%	TSE:MFC	0.0%
10	NYSE:GNW	-50.2%	AMS:AGN	-0.7%	AMS:AGN	0.0%
11	NYSE:AIG	-51.9%	<b>TSE:SLF</b>	<b>-2.3%</b>	<b>TSE:SLF</b>	<b>-0.1%</b>

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:PNX	\$56,797,643	NYSE:AIG	\$2,967,208	NYSE:UNM	\$1,978,138	NYSE:UNM	\$3,066,115	NYSE:PNX	\$53,409,708
2	NYSE:AIG	\$13,831,635	AMS:INGA	\$1,862,675	TSE:MFC	\$1,584,435	NYSE:AIG	\$2,967,208	NYSE:AIG	\$10,813,174
3	NYSE:UNM	\$12,211,283	TSE:BNS	\$1,500,000	TSE:BNS	\$1,400,000	TSE:BNS	\$2,900,000	TSE:BNS	\$8,477,746
4	TSE:BMO	\$11,672,664	AMS:AGN	\$1,324,797	NYSE:CNO	\$1,248,695	TSE:MFC	\$2,570,985	TSE:BMO	\$7,952,422
5	TSE:BNS	\$11,378,942	NYSE:GNW	\$1,109,145	TSE:BMO	\$1,150,000	TSE:BMO	\$2,176,250	<b>TSE:SLF</b>	<b>\$7,517,528</b>
6	<b>TSE:SLF</b>	<b>\$10,022,637</b>	NYSE:UNM	\$1,087,976	NYSE:PNX	\$990,058	NYSE:CNO	\$1,957,102	TSE:MFC	\$6,351,742
7	TSE:MFC	\$9,594,334	<b>TSE:SLF</b>	<b>\$1,086,090</b>	NYSE:GNW	\$741,802	AMS:INGA	\$1,862,675	NYSE:UNM	\$5,815,563
8	NYSE:GNW	\$7,323,200	TSE:BMO	\$1,026,250	<b>TSE:SLF</b>	<b>\$500,000</b>	NYSE:GNW	\$1,850,947	NYSE:GNW	\$4,304,429
9	NYSE:CNO	\$4,067,508	TSE:MFC	\$986,550	NYSE:AIG	\$0	NYSE:PNX	\$1,674,165	NYSE:CNO	\$2,101,093
10	AMS:INGA	\$1,862,675	NYSE:CNO	\$708,407	AMS:AGN	\$0	<b>TSE:SLF</b>	<b>\$1,586,090</b>	AMS:AGN	\$147,695
11	AMS:AGN	\$1,472,492	NYSE:PNX	\$684,107	AMS:INGA	\$0	AMS:AGN	\$1,324,797	AMS:INGA	\$0

# PAY FOR PERFORMANCE SCORING

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

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

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

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

