



# Financial Strength

Manulife Financial is a leading Canadian-based financial services group, serving millions of customers in 22 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, we offer clients a diverse range of financial protection products and wealth management services through an extensive network of employees, agents and distribution partners.

**For over 120 years, millions of customers have chosen Manulife Financial and John Hancock to assume and deliver on long term, financial promises. Selecting any financial partner requires detailed evaluation, especially when the purchase involves a long term obligation such as a life insurance policy, pension or annuity. Clients must feel confident that the partner they choose will be there when needed most. We understand that financial strength is at the core of our clients' decision-making process. Our high quality investment portfolio, diverse business platform and prudent risk management practices are key reasons clients choose Manulife Financial and John Hancock. We are committed to delivering on obligations today, and for many years to come.**

## Well Recognized Brands with a History of Financial Stability

Manulife Financial and John Hancock are internationally recognized brands which have stood for financial strength and integrity for more than a century. As one of the largest life insurance companies in the world today, our ability to meet our commitments remains undiminished. Our strong brands reflect our solid reputation as a strong, reliable, trustworthy, and forward thinking financial partner. Our core values of professionalism, providing real value to customers, acting with integrity, demonstrated financial strength and being an employer of choice also inspire our customers' trust.

## Industry Leading Ratings

Credit ratings are a comprehensive measure of financial strength. Our financial discipline and record of strong operational performance over time have resulted in our main operating subsidiaries having among the highest ratings in the insurance industry from A.M. Best, Dominion Bond Rating Service (DBRS), Fitch Ratings, Moody's Investor Service and Standard & Poor's (S&P).

Rating Agency	Rating	Outlook
A.M. Best	A+ (Superior – 2 <sup>nd</sup> of 15 ratings)	Stable
Dominion Bond Rating Service	IC-1 (Superior – 1 <sup>st</sup> of 6 ratings)	Stable
Fitch Ratings	AA (Very Strong – 3 <sup>rd</sup> of 21 ratings)	Negative
Moody's Investor Service	Aa3 (Excellent – 4 <sup>th</sup> of 21 ratings)	Stable
Standard & Poor's	AA+ (Very Strong – 2 <sup>nd</sup> of 21 ratings)	Negative

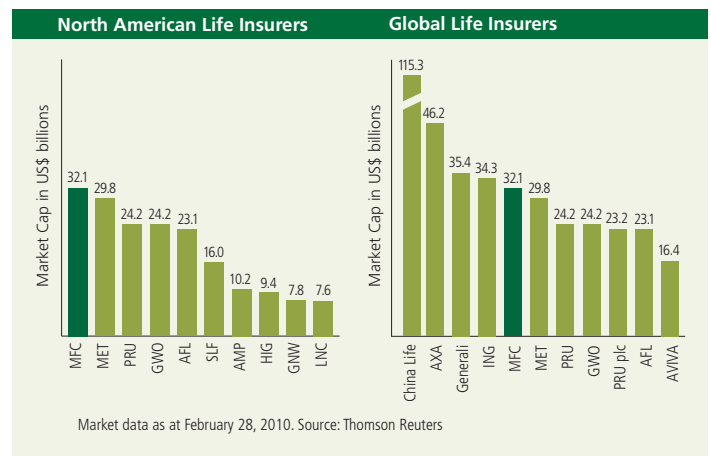
Financial Strength Ratings apply to the main life operating companies of Manulife Financial Corporation including The Manufacturers Life Insurance Company, John Hancock Life Insurance Co. (USA), John Hancock Life & Health Insurance Co., and John Hancock Life Insurance Co. of New York.

**“The financial strength ratings on Manulife are based on the group’s leading and well-diversified business positions in Canada, the U.S., Hong Kong, and other countries within Asia-Pacific; its high quality and generally consistent core operating performance; its very strong and well-diversified investment portfolio; and its solid capital adequacy position.”**

Standard & Poor's, January 4, 2010

## Significant Scale

Manulife's size and scale translate into a higher capital base, a diversified operating platform and ample resources to fund growth opportunities – all factors indicative of our financial strength. As at February 28, 2010, our market capitalization was US\$32.1 billion, making Manulife one of the largest life insurance companies in the world.



# Prudent Risk Management Practices

Risk management is a core strength and focus of our business – from the roots of the design of every individual product we sell, through the direct oversight of the company's senior management.

## Recognized Enterprise Risk Management

Manulife Financial has a rigorous risk management framework that is applied globally. Our company's risk taking activities are measured, monitored and managed intelligently. This framework requires each individual product in every market to meet strict enterprise-wide risk management criteria on its own merit. Manulife Financial is among only 12% of North American insurers that have earned a "Strong" Enterprise Risk Management (ERM) designation from Standard & Poor's (S&P), the second highest classification after "Excellent", which was only assigned to 3% of the group.

## Reducing Equity Market Exposure

As part of our ongoing strategy to reduce our equity market exposure as it relates to variable annuity and segregated fund guarantees, we have implemented changes to our product offerings. With good global equity market performance in the quarter, we also continued to put in place hedges on a portion of our in-force variable annuity business. We commenced hedging new business written in Japan in the fourth quarter of 2009, and substantially all new business in North America continues to be hedged on an ongoing basis. As at December 31, 2009, we are now hedging or reinsuring approximately 35% of our Gross Guarantee Value, up from 20% at December 31, 2008.

## Significant Liquidity

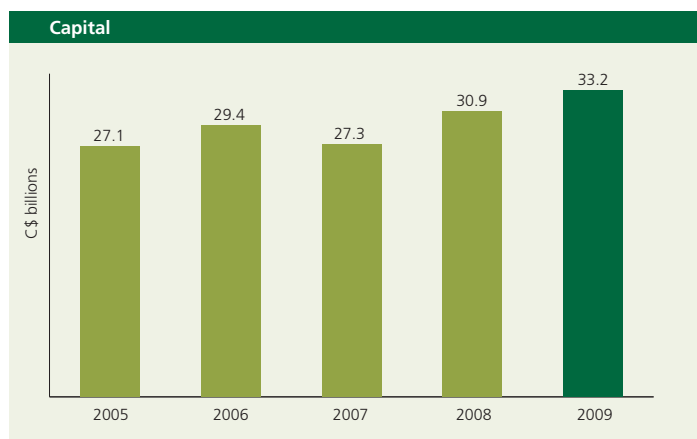
In today's changing economic climate, liquidity is critical to any financial institution. Manulife Financial is fully self-funded, meaning our businesses generate enough cash flow to sustain our operations without being dependent on the commercial paper markets or other short-term funding arrangements. We have consciously avoided businesses which give rise to immediate liquidity needs and this allows us to maintain high levels of liquidity. Manulife Financial consistently retains a high level of cash and high grade short-term assets, which totaled more than C\$18 billion as at December 31, 2009.

## Strong Capital Levels

Strong and stable capital levels are also a good measure of financial strength. Having a large capital base enables us to sustain high credit ratings, finance new opportunities, and most importantly, maintain our commitments to our policyholders.

Despite the continued volatility in global equity markets, our consolidated capital levels have remained stable and totaled C\$33.2 billion as at December 31, 2009. Additionally, Manufacturers Life Insurance Company's Minimum Continuing Capital and Surplus Requirements (MCCSR) capital ratio ended the year at 240%, well above regulatory requirements and up from 229% in the prior quarter.

In the fourth quarter, we took further steps that have enabled us to achieve the highest capital levels since Manulife Financial became a public company.



**“Our goal is to maintain very strong levels of capital, to have the financial flexibility to respond to both risks and opportunities from a continued position of strength.”**

Michael W. Bell  
Senior Executive Vice President and Chief Financial Officer

# A Diverse Business Platform

At Manulife Financial, we have successfully built a diverse business platform that offers a range of financial products in both developed and developing markets around the world. We address the needs of clients in 22 countries and territories worldwide, with a mix of products and services that is relevant and tailored to the needs of consumers in diverse economies. Diversity in geography, product, and distribution are key contributors to our financial strength.

## Geographic Diversity

Manulife Financial has market leading positions across North America and Asia. Our diverse international operations allow us to leverage our people, products, technology and expertise efficiently across markets while providing natural hedges that ensure our risks and opportunities are effectively diversified. Our deep geographic footprint enables us to extend our brand, gain synergies, and benefit from economies of scale. This in turn provides operating earnings stability and a broadly diversified balance sheet, all of which help maintain our long-term financial strength.

## Product Diversity

Manulife Financial is a market leader in both financial protection and wealth management businesses. We provide a full suite of products and services to meet the current and future needs of individual and group customers. Financial protection products and services include individual life insurance, group life and health insurance, and long-term care. Wealth management products and services include pensions, annuities, mutual funds and banking. We pride ourselves on providing the very best financial protection and investment management services, tailored to customers in every market where we do business.

## Multiple Distribution Channels

Manulife Financial has a strong, well diversified distribution platform which includes independent and in-house agents, financial planners, brokers, dealers and other distribution partners. We have deep and growing relationships across multiple channels worldwide. This allows us to meet the varying needs of our international base of customers, regardless of their chosen distribution channel.

**“Manulife will continue to pursue a healthy balance of organic and strategic growth. Whether from a risk management or marketing perspective, our goal is to further diversify our product offerings in areas where we have shown great capability.”**

Donald Guloien  
President and Chief Executive Officer

## Sales Rank



- #1 Individual Segregated Funds
- #1 Individual Fixed Annuities
- #2 Individual Life Insurance
- #2 Group Benefits
- #3 Group Pensions



- #1 Individual Long-Term Care Insurance
- #1 Group Long-Term Care Insurance
- #1 Small Case 401(k)
- #2 Individual Life Insurance
- #6 Fixed Products
- #9 Variable Annuities



- #3 Vietnam Insurance
- #3 China Insurance<sup>1</sup>
- #5 Singapore Insurance
- #6 Japan Variable Annuities
- #7 Indonesia Insurance
- #7 Hong Kong Insurance
- #7 Philippines Insurance

Sources:

Most recent market data available (U.S. and Canada based on September 30, 2009 data) from various independent market surveys including LIMRA, Tillinghast, Fraser and other sources

<sup>1</sup> Represents the market rank of joint venture life insurance company, Manulife-Sinochem Life Insurance Co. Ltd.

CANADA	UNITED STATES	HONG KONG	INDONESIA	SINGAPORE	JAPAN	TAIWAN	MACAU	MALAYSIA	PHILIPPINES	VIETNAM	THAILAND
BRAZIL	URUGUAY	NEW ZEALAND	UNITED KINGDOM	CHINA	GERMANY	BELGIUM	BERMUDA	BARBADOS	AUSTRALIA		

**Strong Reliable Trustworthy Forward Thinking**

AS AT DECEMBER 31, 2009

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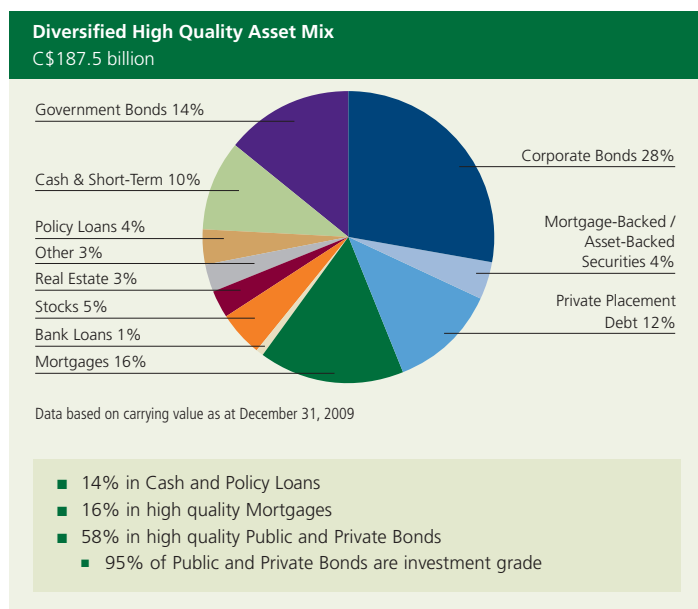
# A High Quality Investment Portfolio

The quality of a Company's investment portfolio is a strong indicator of financial strength. At Manulife Financial, our investment philosophy is rooted in a bottom-up approach to developing an asset mix that matches the needs of our underlying liabilities. We don't limit our portfolio to fixed-income investments, but hold a blend of assets that drive superior returns and risk reduction for our stakeholders. We use this disciplined approach across all our segments, and we will not chase yield in the riskier end of the fixed-income market. This philosophy has resulted in a well diversified, high quality investment portfolio.

## A Disciplined Investment Philosophy

Manulife Financial has always followed a very prudent investment approach – avoiding complexity, setting limits, diversifying and applying a healthy dose of skepticism in all our credit decisions. This philosophy serves us as well today as it has in the past.

Our invested assets total C\$187.5 billion and include a variety of asset classes that are highly diversified by geography and sector. This diversification has historically produced superior returns while reducing overall risk.



For additional details on our investment portfolio with particular emphasis on structured securities, please refer to our Investment Fact Sheet available on [www.manulife.com](http://www.manulife.com)

## Limited Exposure to Notable Items

Our exposure to "in the news" investments is very limited in the context of our total invested assets, which totaled C\$187.5 billion as at December 31, 2009.

- Monoline insurance exposure of C\$896 million (amortized cost) in wrapped bonds but we place no reliance on the guarantees
- Limited exposure to:
  - European bank hybrids (cost of C\$602 million)
  - Sub-prime RMBS (cost of C\$438 million)
- No exposure to:
  - Hedge Funds
  - Synthetic Credit
- We never wrote Credit Default Swap (CDS) protection
- We never add credit or liquidity risk to securities lending practices
- We avoided sophisticated and complex instruments that are performing poorly in this market (SIV, CPDO, HELOC, Synthetic Securities, etc)
- Gross unrealized losses on fixed income securities limited to C\$2.4 billion or 2% of total fixed income portfolio
  - Gross unrealized losses on bonds trading below 80% of cost for more than six months of C\$1.1 billion or 1% of fixed income portfolio

**"We deliberately improved our credit quality in anticipation of this economic downturn, allowing our investment portfolio to remain well positioned for a challenging credit cycle."**

Warren A. Thomson  
Senior Executive Vice President and Chief Investment Officer

## Investor Relations

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