



Financial Strength

Manulife Financial is a leading Canada-based financial services group, serving millions of customers in 21 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 well-regarded 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.

Strong Claims Paying Ability/ Financial Strength Ratings

Ratings are a comprehensive measure of financial strength. Manulife and John Hancock have strong ratings from all five rating agencies – A.M. Best, DBRS, Fitch, Moody's and Standard & Poor's.

Rating Agency	Rating	Outlook
A.M. Best	A+ (Superior – 2 nd of 15 ratings)	Negative
Dominion Bond Rating Service	IC-1 (Superior – 1 st of 6 ratings)	Stable
Fitch Ratings	AA- (Very Strong – 4 th of 21 ratings)	Stable
Moody's Investors Service	A1 (Good – 5 th of 21 ratings)	Stable
Standard & Poor's	AA- (Very Strong – 4 th of 21 ratings)	Stable

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. All ratings current as of July 29, 2011

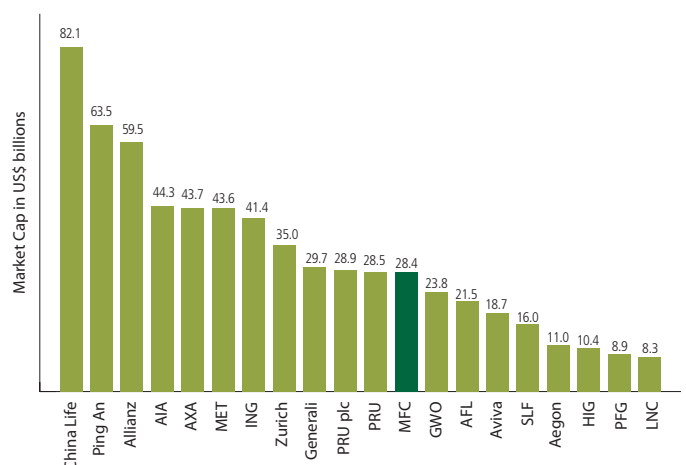
"We believe that Manulife is positioned for greater long-term growth than most of its Canadian financial services peers, given its dominance in Canada, major U.S. presence, strong international growth platform, and strong core earnings capacity."

Standard & Poor's, December 29, 2010.

Significant Scale

Manulife's size and scale translate into a substantial capital base, a diversified operating platform and ample resources to fund growth opportunities – all factors indicative of our financial strength. As at July 31, 2011, our market capitalization was US\$28.4 billion (C\$27.0 billion), making Manulife one of the largest life insurance companies in the world.

Global Life Insurers



Market data as at July 31, 2011. Source: Thomson Reuters

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. This framework requires each individual product in every market to meet strict enterprise-wide risk management criteria on its own merit.

Reducing Equity Market and Interest Rate Risk Exposures

The Company is taking significant actions to reduce its equity market and interest rate sensitivities. As part of our ongoing strategy, we have implemented changes to our product offerings as well as a significant shift in our product mix to low risk, high return products. During the quarter, the Company also made significant progress in reducing its earnings sensitivity to equity markets and interest rates¹. Approximately 60% to 66% of underlying earnings sensitivity to equity markets was estimated to be offset by hedges at June 30, 2011. The range as at March 31, 2011 was 59% to 65%. We have achieved our 2012 goal to hedge 60% of the underlying earnings sensitivity and continue to work towards our year end 2014 goal of 75%. Interest rate sensitivity declined to \$1.2 billion for a one percent decline in interest rates as at June 30, 2011. We continue to be ahead of our target of \$1.65 billion for the end of 2012, and close to achieving our goal of \$1.1 billion for end of year 2014.

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 that give rise to immediate liquidity needs and this allows us to maintain high levels of liquidity. Manulife Financial has consistently retained a high level of cash and high grade short-term assets, which totaled C\$12.8 billion as at June 30, 2011.

¹ Earnings sensitivity to equity markets is defined by the impact of a 10% decline in the market value of equity funds on the net income attributed to shareholders. Earnings sensitivity to interest rates is defined as the impact of a 1% parallel decline in interest rates on the net income attributed to shareholders. See our press release announcing our 2011 second quarter results for additional information.

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 strong credit ratings, finance new opportunities, and most importantly, maintain our commitments to our policyholders.

Our consolidated capital levels totaled C\$28.9 billion as at June 30, 2011. Additionally, The Manufacturers Life Insurance Company’s Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio ended the second quarter 2011 at 241%, well above the supervisory target of 150%.



“We are maintaining strong capital levels and this financial strength is at the core of our Manulife and John Hancock brands and promises to our clients.”

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

A Diverse Business Plan

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 21 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 helping provide natural hedges that ensure our risks and opportunities are effectively diversified. Our 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.

Sales Rank

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

United States	
#1	Small Case 401(k)
#3	Fixed Products ¹
#7	Individual Life Insurance

Asia	
#2	Hong Kong Pension
#3	China Insurance ²
#3	Vietnam Insurance
#5	Philippines Insurance ³
#6	Japan Variable Annuities ⁴
#7	Singapore Insurance
#8	Hong Kong Insurance
#10	Indonesia Insurance

Sources:

Most recent market data available (based on 1Q11 YTD figures unless otherwise specified) from various independent market surveys including LIMRA, Tillinghast, Fraser and other sources

¹ Fixed Rate Annuity Market.

² Represents the market rank among Foreign Invested Insurance Companies of joint venture life insurance company, Manulife-Sinochem Life Insurance Co. Ltd.

³ Estimate based on informal market share statistics collected through a roundtable of CEOs from the top nine companies. Excludes Pre-need.

⁴ Asset based ranking per the Life Insurance Association of Japan.

“We continue to offer quality products and services, accompanied by excellent advice, and backed with financial strength.”

Donald A. Guloien
President and Chief Executive Officer

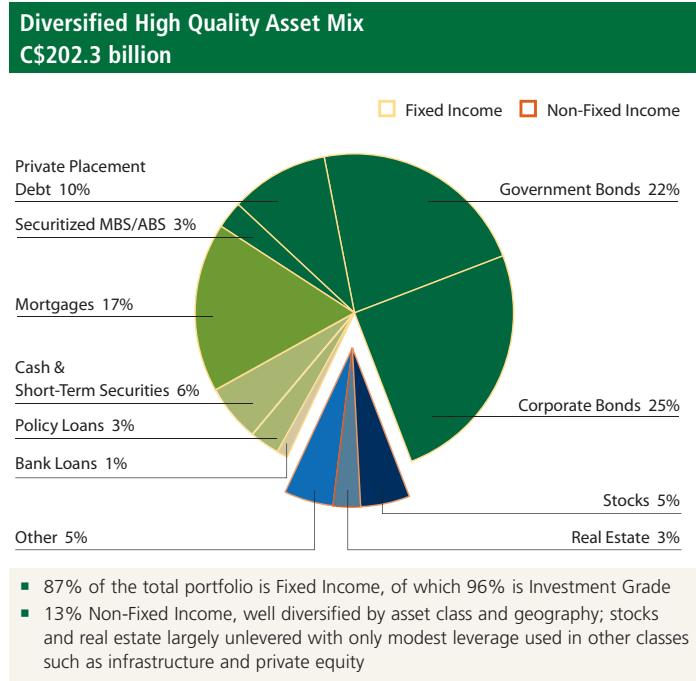
A High Quality Investment Portfolio

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 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\$202.3 billion as at June 30, 2011 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, please refer to our Investment Fact Sheet available on www.manulife.com.

All figures in accordance with International Financial Reporting Standards (IFRS). All data based on Carrying Value unless otherwise noted; quoted as at June 30, 2011.

Limited Net Exposure¹ to Notable Items

Our exposure to notable items is very limited in the context of our total invested assets, which totaled C\$202.3 billion as at June 30, 2011.

- Financials fixed income net exposure¹ of C\$14.0 billion is well diversified by geography, sub-sector and name
- Gross unrealized losses limited to C\$1.4 billion or 1.2% of our fixed income portfolio
 - Gross unrealized losses for Fixed Income securities trading at less than 80% of cost for greater than 6 months of C\$0.3 billion or 0.3% of fixed income portfolio
 - The potential impact to shareholders' pre-tax earnings for Fixed Income securities trading at less than 80% of cost for greater than 6 months is limited to C\$176 million¹
- Monoline insurance net exposure¹ of C\$441 million in wrapped bonds but we place no reliance on the guarantees
- Limited net exposure¹ to:
 - RMBS (C\$491M)
 - European bank hybrids (C\$175M)
 - Greece, Italy, Ireland, Portugal, and Spain:
 - No sovereign or financial sector exposure to Greece or Portugal
 - Banks and financials (C\$151M)
 - Sovereign debt (C\$80M)
- We never add credit or liquidity risk to our securities lending programs
- We avoided sophisticated and complex instruments that are performing poorly in the current market (SIV, CPDO, HELOC, Synthetic Securities, etc)

¹ Excludes par and pass-thru and reflects the cumulative impact of downgrades on reserves.

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