

## First Quarter 2011 Financial & Operating Results



May 5, 2011



## Legal Disclaimer

### Caution regarding forward-looking statements

This presentation contains forward-looking statements within the meaning of the "safe harbour" provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements in this presentation include, but are not limited to, statements with respect to management objectives with respect to hedging equity markets and interest rate risks. The forward-looking statements in this document also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "expect", "estimate", "anticipate", "believe", "plan", "objective", "goal", "seek", "aim" and "continue" (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts' expectations in any way. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to performance and volatility of equity markets, interest rate fluctuations and movements in credit and swap spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); changes in laws and regulations; changes in accounting standards; our ability to execute strategic plans and changes to strategic plans; downgrades in our financial strength or credit ratings; our ability to maintain our reputation; impairments of goodwill or intangible assets or the establishment of valuation allowances against future tax assets; the accuracy of estimates relating to long-term morbidity, mortality and policyholder behavior; the accuracy of other estimates used in applying accounting policies and actuarial methods; level of competition and consolidation; our ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate non-fixed income assets to back our long dated liabilities; the realization of losses arising from the sale of investments classified as available for sale; our liquidity, including the availability of financing to satisfy existing financial liabilities on their expected maturity dates when required; obligations to pledge additional collateral; the availability of letters of credit to provide capital management flexibility; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the availability, affordability and adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; our ability to adapt products and services to the changing market; our ability to attract and retain key executives, employees and agents; the appropriate use and interpretation of complex models or deficiencies in models used; political, legal, operational and other risks associated with our non-North American operations; acquisitions and our ability to complete acquisitions including the availability of equity and debt financing for this purpose; the disruption of or changes to key elements of the Company's or public infrastructure systems; environmental concerns; and our ability to protect our intellectual property and exposure to claims of infringement. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found under "Risk Factors" in our most recent Annual Information Form, under "Risk Management" and "Critical Accounting and Actuarial Policies" in the Management's Discussion and Analysis in our most recent annual and interim reports, in the "Risk Management" note to consolidated financial statements in our most recent annual and interim reports and elsewhere in our filings with Canadian and U.S. securities regulators. We do not undertake to update any forward-looking statements except as required by law.

## CEO's Remarks

**Donald Guloien**  
President & Chief Executive Officer



## Delivering on Strategic Priorities

- Sales<sup>1</sup> of targeted wealth and insurance products up 22% and 15%, respectively, vs. 1Q10
- Asia generated substantial sales growth in targeted growth products with wealth sales more than doubling and insurance sales increasing 27% vs. 1Q10
- Record mutual fund sales in the U.S. of \$3.5 billion and in Canada of \$595 million
- Record funds under management<sup>1</sup> of \$478 billion
- Continued progress on obtaining state approvals of LTC in-force price increases
- Ahead of timetable in reducing equity market and interest rate sensitivity<sup>2</sup>. Actions to reduce interest rate sensitivity resulted in a one-time gain of \$254 million after-tax
- Fair value gains on oil & gas and real estate investments and positive credit experience
- 1Q11 shareholders' net income of \$985 million and basic EPS of \$0.54 despite higher hedging costs and impact related to the Japan earthquake
- Strong capital levels with MLI MCSR ratio of 243%

<sup>1</sup> Non-GAAP measure. See "Notes to Users - Performance and Non-GAAP Measures" below.

<sup>2</sup> Earnings sensitivity to equity markets is defined as the impact of a 10 percent 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 one percent parallel decline in interest rates on the net income attributed to shareholders.

## CFO's Remarks

### Michael Bell

Senior Executive Vice President & Chief Financial Officer



## 1Q 2011 Highlights

- Successfully executing strategic priorities
- Significant growth in our targeted businesses
  - Consistent with our strategy to enhance business mix
- Ahead of timeline for interest rate and equity market risk reduction
  - Achieved our 2012 target for equity risk reduction
  - Surpassed our 2012 interest rate reduction target
- Strong capital levels with MLI MCCR ratio of 243%, which represents a substantial cushion particularly given reduced equity market and interest rate sensitivity
- Quarterly net income of \$985 million, equating to fully diluted earnings per share (excluding convertible instruments)<sup>1</sup> of \$0.54 despite much higher equity hedging costs and events in Japan
- Actions to lengthen the duration of assets backing actuarial liabilities resulted in a substantial gain
- Adopted International Financial Reporting Standards (“IFRS”) effective January 1, 2011

<sup>1</sup> Non-GAAP measure. See “Note to Users – Performance and Non-GAAP Measures” below.

## Notable Items Impacting Earnings in 1Q11

Amount (C\$ million)	Description
111	<b>Direct impact of equity markets and interest rates<sup>1</sup></b> Reflects a \$117 million net benefit from interest rates, partly offset by a \$6 million net loss on equity markets
(100)	<b>Expected macro hedging losses based on long-term valuation assumptions</b> Based on long-term annual total return assumptions and notional future value of \$5.5 billion at quarter-end
(151)	<b>Estimated net impact from P&amp;C reinsurance claims related to the earthquake in Japan</b> Provision for estimated P&C reinsurance claims related to March 11 earthquake and tsunami
254	<b>Impact on policy liabilities related to activities to reduce interest rate exposures</b> Reflects the reduction in actuarial risk margins required in policy liabilities due to lower reinvestment risk
170	<b>Market gains on non-fixed income assets, strong credit results &amp; trading gains</b> Fair value increases on real estate and oil & gas, strong credit results and trading gains
8	<b>Refinements in assumptions and models used to value policy liabilities</b>

<sup>1</sup> The direct impact of interest rates and equity markets is based upon movements in markets up or down relative to our base long-term assumptions.

7

strong reliable trustworthy forward-thinking

 **Manulife Financial**  
For your future™

## Market Driven Experience Gains Support 1Q11 Source of Earnings<sup>1</sup>

(C\$ Millions)	4Q10	1Q11
Expected Profit on In-Force	891	828
Impact of New Business	(145)	(83)
Experience Gains (Losses)	1,478	789
Mgmt Actions & Chgs in Assumptions	(209)	(340)
Earnings on Surplus Funds	101	122
Other	29	(24)
<b>Income Before Taxes</b>	<b>2,145</b>	<b>1,292</b>
Income Taxes	(349)	(307)
<b>Shareholders' Net Income</b>	<b>1,796</b>	<b>985</b>
<i>Currency Adjusted Expected Profit on In-force</i>	<i>891</i>	<i>851</i>

- **Expected profit on in-force** declined primarily due to a stronger Canadian dollar and lower in-force variable annuity earnings
- **New Business strain** improved sequentially driven by new business gains in Asia and price increases in U.S. Insurance, partially offset by higher mutual fund sales in the U.S.
- **Experience gains** largely reflect actions taken to reduce interest rate sensitivity in the liability segment and investment gains on non-fixed income assets, partially offset by provisions for estimated P&C claims in Japan
- **Management actions** include charges related to the expected cost of macro hedging program, realized AFS bond losses and refinements to actuarial models used to value policy liabilities

<sup>1</sup> The Source of Earnings (SOE) analysis is prepared following OFSI regulatory guidelines and draft guidelines of the Canadian Institute of Actuaries. The SOE is used to identify the primary sources of gains or losses in each reporting period. Per OSFI instructions, SOE amounts denominated in foreign currencies are translated at the prior quarter's balance sheet exchange rates, with the difference between those rates and the average rates used in the Statement of Income included in Experience gains (losses)

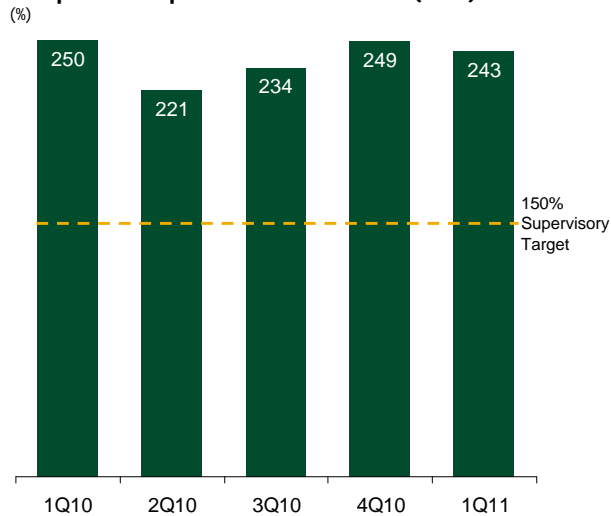
8

strong reliable trustworthy forward-thinking

 **Manulife Financial**  
For your future™

# Strong Capital Position in 1Q11

## Minimum Continuing Capital and Surplus Requirements Ratio (MLI)



### Strong 1Q11 MCCR ratio of 243%, down 6 points from 4Q10

- Subordinated debt maturity, partially offset by preferred equity issuance
- Impact of IFRS adoption
- Change in 2011 to MCCR treatment regarding certain reinsurance agreements

**With reduced equity market and interest rate sensitivities, 243% represents a substantial buffer relative to financial market volatility**

MLI refers to The Manufacturers Life Insurance Company  
4Q10 and earlier based on Canadian GAAP prior to the adoption of IFRS

9

strong reliable trustworthy forward-thinking

**Manulife Financial**

For your future™

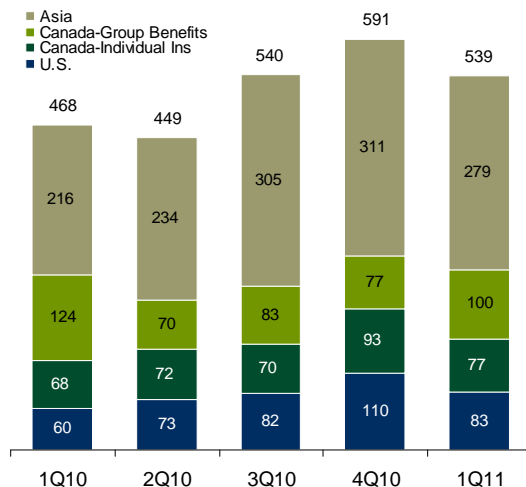
# Substantial Growth in Targeted Insurance Products

## Insurance Sales<sup>1</sup>

### Targeted Growth Products

(C\$ millions)

- Asia
- Canada-Group Benefits
- Canada-Individual Ins
- U.S.



### 1Q11 sales of targeted insurance products were \$539 million, up 15%<sup>2</sup> versus 1Q10:

- + Asia Insurance sales up 27%<sup>2</sup>, driven by 50%<sup>2</sup> increase in Japan
- + Record first quarter Individual Life and Affinity sales in Canada
- + Canada Group Benefits sales were down 19% due to normal volatility in the large case market, partially offset by strong sales growth in more profitable small-case segment
- + U.S. Life sales up 44%<sup>2</sup>, including increasing success with new UL product

<sup>1</sup> Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below. Insurance sales consist of recurring premiums and 10% of both excess and single premiums with the exception of Canada Group Benefits which is measured by new annualized premiums and single premium sales, including ASO premium equivalents.

<sup>2</sup> Sales growth stated on a constant currency basis, a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

10

strong reliable trustworthy forward-thinking

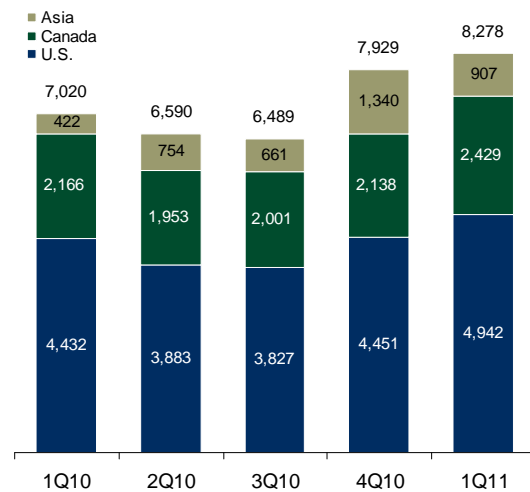
**Manulife Financial**

For your future™

# Targeted Wealth Management Products Continue Robust Sales Growth

## Wealth Sales<sup>1</sup>

Targeted Growth Products  
(C\$ millions)



**1Q11 sales of targeted wealth products were \$8.3 billion, up 22%<sup>2</sup> versus 1Q10:**

- + Strong growth across all 3 geographic divisions, including doubling of Asian wealth sales
- + Mutual fund sales were up 68% and 42%<sup>2</sup>, in Canada and the U.S., respectively
- + Strong sales of InvestmentPlus in Canada, a low risk variable annuity
- Lower group retirement sales in U.S. than anticipated

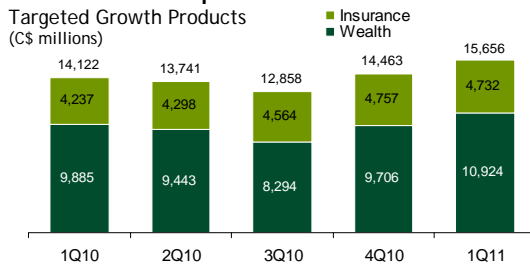
<sup>1</sup> Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

<sup>2</sup> Sales growth stated on a constant currency basis a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

# Tangible Progress on Improving Business Mix

## Premiums & Deposits<sup>1</sup>

Targeted Growth Products  
(C\$ millions)



**1Q11 targeted insurance products P&D up 13%<sup>2</sup> over 1Q10**

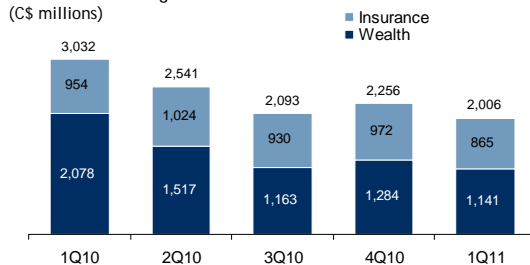
- + JH Life executing repositioning as planned
- + Growth of in-force business and new product launches in Asia

**1Q11 targeted wealth products P&D up 15%<sup>2</sup> over 1Q10**

- + Strong North American mutual fund deposits
- + Asia Wealth management

## Premiums & Deposits<sup>1</sup>

Products not Targeted for Growth  
(C\$ millions)



**1Q11 Insurance and Wealth P&D (products not targeted for growth) down 4%<sup>2</sup> and 44%<sup>2</sup>, respectively from 1Q10**

- + Consistent with actions taken globally to reposition products to improve ROE and rebalance risk

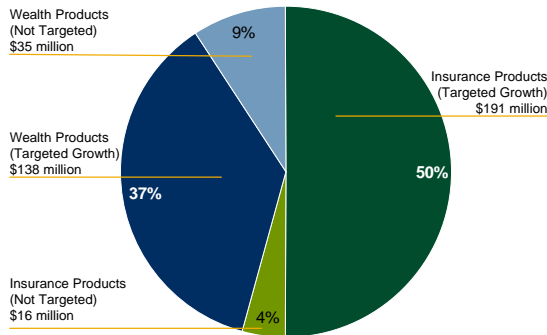
<sup>1</sup> Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

<sup>2</sup> P&D growth (decline) stated on a constant currency basis, a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

# Majority of New Business Embedded Value<sup>1</sup> Driven by Targeted Growth Products

## New Business Embedded Value

(C\$380 million)



**Targeted for Growth products represented 87% of 1Q11 New Business Embedded Value**

### Refined methodology for calculating NBEV in 2011

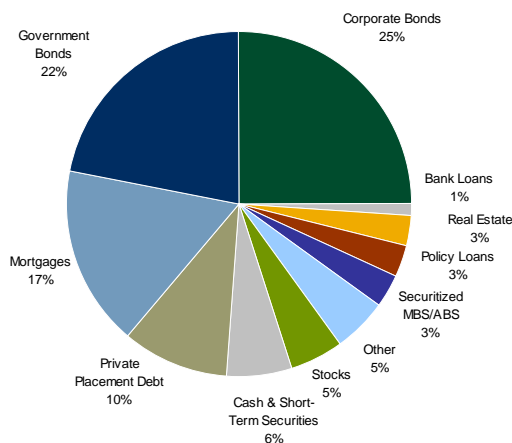
- Parameters updated each quarter end, including updated interest rates for all interest sensitive products
- Not comparable to prior NBEV methodology, which set interest rates for insurance products at levels established during the prior year planning cycle

<sup>1</sup> Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

# Diversified High Quality Asset Mix Avoids Risk Concentrations

## Total Invested Assets

(C\$198.6 billion)



### Diversified, high quality portfolio:

- 9% in Cash & Policy Loans
- 17% in high quality Mortgages
- 60% in high quality Public & Private Bonds
- 95% of Bonds are Investment Grade and highly diversified by geography and sector
- 86% of CMBS rated AAA with 88% originated in 2005 or prior
- Commercial Mortgages have low Loan-to-Values ~ 64% and high Debt Service Coverage ~ 1.5x
- Unlevered Commercial Real Estate with 91.8% occupancy and 5.9 years average lease term

### Limited Net Exposure<sup>1</sup> to:

- RMBS (C\$521 million)
- Monoline wrapped bonds (C\$495 million)
- European bank hybrids (C\$207 million)
- Sovereign debt of "PIIGS" nations (C\$74 million)

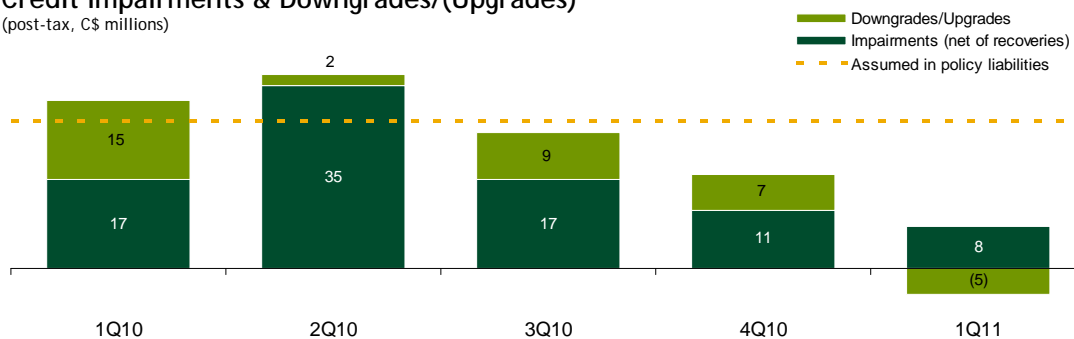
Carrying Value as at March 31, 2011.

<sup>1</sup>Net Exposure excludes par and pass-through and reflects the impact of downgrades on reserves.

Note: "CMBS" refers to Commercial Mortgage-backed Securities, "RMBS" refers to Residential Mortgage-backed Securities, and "PIIGS" refers to the nations of Portugal, Italy, Ireland, Greece and Spain.

# Credit Gain Reflective of Investment Discipline

## Credit Impairments & Downgrades/(Upgrades)<sup>1</sup> (post-tax, C\$ millions)



<sup>1</sup> On Non-Par holdings only and excludes the long-term expected amount assumed in the valuation of policy liabilities of approximately \$28 million after-tax.

Impact on 1Q11 Net Income (C\$ millions):	Pre-tax	Post-tax
Credit impairments (net of recoveries)	\$13	\$8
Credit downgrades/(upgrades)	(7)	(5)
<b>Total Impact</b>	<b>\$6</b>	<b>\$3</b>

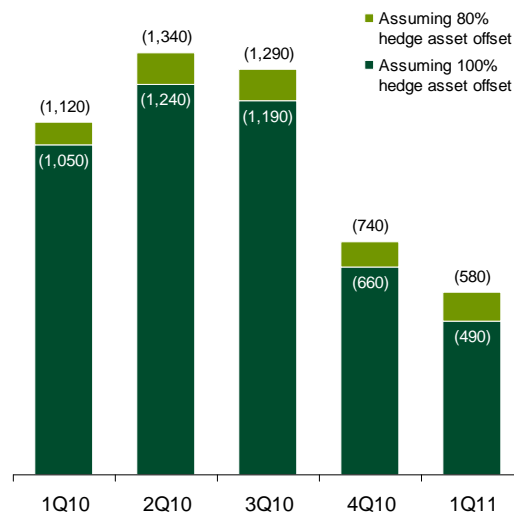
15

strong reliable trustworthy forward-thinking

**Manulife Financial**  
For your future™

# Achieved 2012 Target for Equity Risk Reduction

## Equity Market Sensitivity<sup>1</sup> (C\$ millions)



### Estimated impact of 10% equity market decline:

- Range of \$(490) to \$(580) million to earnings vs. \$(660) to \$(740) million in 4Q10
- (5) pts to MCCSR vs. (7) pts in 4Q10

### Continued Progress in Reducing Sensitivity:

- \$8.5 billion of guaranteed value added to dynamic hedging program
- \$200 million of TOPIX futures contracts short sold under our macro hedging program
- All new VA business sold is dynamically hedged

### 59% - 65% of underlying earnings sensitivity to equity market changes now hedged

- Goal of hedging 60% by end of 2012
- Goal of hedging 75% by end of 2014

<sup>1</sup> Earnings sensitivity to equity markets is defined by the impact of a 10 per cent decline in the market value of equity funds on the net income attributed to shareholders.

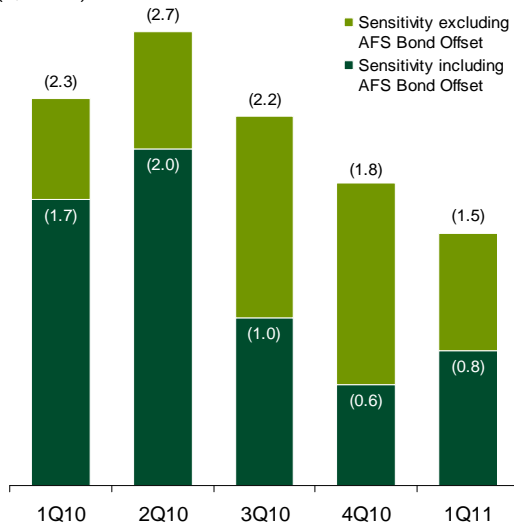
16

strong reliable trustworthy forward-thinking

**Manulife Financial**  
For your future™

# Surpassed 2012 Target for Interest Rate Risk Reduction

## Interest Rate Sensitivity<sup>1</sup> (C\$ billions)



### Estimated impact of 1% parallel decline in interest rates (excluding AFS bond offset):

- \$(1.5) billion to earnings vs. \$(1.8) billion in 4Q10
- (21) pts to MCCSR vs. (23) pts in 4Q10

### Estimated impact of 1% parallel decline in interest rates (including AFS bond offset):

- \$(800) million to earnings vs. \$(600) million in 4Q10

### Continued Progress in Reducing Sensitivity:

- Reduced future re-investment risk by executing \$3.4 billion of forward starting swaps to lock-in current rates

### Achieved 2012 goal for reducing interest rate sensitivity

- Interest rate sensitivity reduced to \$1.5 billion, surpassing goal of \$1.65 billion by year-end 2012
- Goal to reduce interest rate sensitivity to \$1.1 billion by end of 2014

<sup>1</sup> Earnings sensitivity to interest rates is defined by the impact of a one per cent parallel decline in interest rates on the net income attributed to shareholders.

## Key Questions

- Status of LTC In-Force Price Increases
- Japan Exposures

## Summary

- Successfully executing strategic priorities
- Significant growth in our targeted higher-return businesses
- Ahead of original timetable for interest rate and equity market risk reduction
- Strong quarterly net income despite the impact of much higher equity hedging costs and the Japan earthquake
- Actions to lengthen the duration of assets backing actuarial liabilities resulted in a substantial gain
- Strong capital levels which represent a substantial cushion

19

strong reliable trustworthy forward-thinking

 **Manulife Financial**  
For your future™

# Question & Answer Session



 **Manulife Financial**  
For your future™

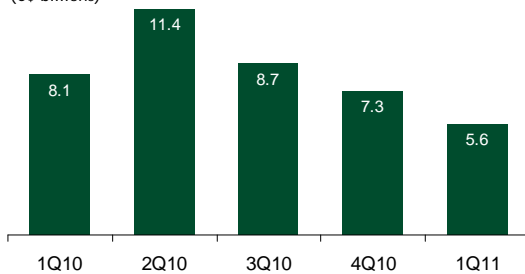
## Appendix

- Additional Risk Disclosures



## Variable Annuity Product Guarantees

Net Exposure Amount at Risk<sup>1</sup> (See below)  
(C\$ billions)



- Increased dynamic VA hedging by adding \$8.5 billion of in-force variable annuity guaranteed value
- Dynamically hedging or reinsuring<sup>1</sup> 63% of Gross Guarantee Value at 1Q11
  - Over 75% of Gross Guarantee Value dynamically hedged or reinsured in Canada and U.S.
  - All new VA business sold is dynamically hedged

(C\$ billions)	Guarantee Value		Amount at Risk (in-the-money guarantees)	
	4Q10	1Q11	4Q10	1Q11
Gross Exposure	110.8	108.1	13.0	11.4
Reinsured	12.0	11.4	2.7	2.3
Dynamically Hedged	49.3	57.2	3.1	3.5
Net Exposure <sup>1</sup>	49.4	39.5	7.3	5.6

<sup>1</sup> Please note the Company's disclosures which describe risk factors for hedging and reinsurance strategies.

## Sensitivity to Equity Markets

As at March 31, 2011						
(C\$ millions)	-30%	-20%	-10%	+10%	+20%	+30%
Impact on:						
Variable annuity guarantees	\$(4,480)	\$(2,720)	\$(1,200)	\$930	\$1,690	\$2,160
Asset based fees	(270)	(180)	(100)	90	180	280
General fund equity investments	(300)	(200)	(100)	120	240	350
<b>Total underlying sensitivity</b>	<b>\$(5,050)</b>	<b>\$(3,100)</b>	<b>\$(1,400)</b>	<b>\$1,140</b>	<b>\$2,110</b>	<b>\$2,790</b>
Impact on Hedging Programs:						
Impact of macro hedge assets	\$1,350	\$900	\$450	\$(450)	\$(910)	\$(1,350)
Impact of dynamic hedge assets (100% hedge offset)	1,910	1,120	460	(300)	(530)	(690)
Assumed partial hedge asset offset	(570)	(280)	(90)	(70)	(130)	(210)
<b>Net Impact on Hedging programs</b>	<b>\$2,690</b>	<b>\$1,740</b>	<b>\$820</b>	<b>\$(820)</b>	<b>\$(1,570)</b>	<b>\$(2,250)</b>
<b>Net income impact</b>	<b>\$(2,360)</b>	<b>\$(1,360)</b>	<b>\$(580)</b>	<b>\$320</b>	<b>\$540</b>	<b>\$540</b>
<b>Underlying sensitivity hedged</b> (full hedge offset)	65%	65%	65%	66%	68%	73%
<b>Underlying sensitivity hedged</b> (partial hedge offset)	53%	56%	59%	72%	74%	81%
<b>Potential MCCR Impact on MLI</b>	(21) pts	(12) pts	(5) pts	10 pts	15 pts	15 pts

<sup>1</sup> Please note the Company's disclosures which describe risk factors for hedging and reinsurance strategies.

23

strong reliable trustworthy forward-thinking

 **Manulife Financial**  
For your future™

## Sensitivity to Interest Rates

Impact of an immediate parallel change in "all rates" on: (C\$ millions)	1Q11		4Q10	
	-100 bps	+100 bps	-100 bps	+100 bps
General fund products	\$(1,200)	\$1,000	\$(1,400)	\$1,200
Variable annuity guarantees	(300)	200	(400)	300
Total impact excluding AFS bonds held in surplus segment	\$(1,500)	\$1,200	\$(1,800)	\$1,500
Impact on AFS bonds held in surplus segment <sup>(1)</sup>	700	(600)	1,200	(900)
Total impact including AFS bonds held in surplus segment	\$(800)	\$600	\$(600)	600

MCCR Impact:				
- Excluding AFS bonds held in surplus segment	(21) pts	17 pts	(23) pts	19 pts
- Including AFS bonds held in surplus Segment	(16) pts	12 pts	(14) pts	12 pts

Impact of a parallel change in corporate bond spreads: (C\$ millions)	1Q11		4Q10	
	-50 bps	+50 bps	-50 bps	+50 bps
Corporate Spreads	\$(500)	\$500	\$(500)	\$400

Impact of a parallel change in swap spreads: (C\$ millions)	1Q11		4Q10	
	-20 bps	+20 bps	-20 bps	+20 bps
Swap Spreads	\$300	\$(300)	\$200	\$(200)

<sup>1</sup> The amount of gain or loss that can be realized on AFS fixed income assets held in the surplus segment will depend on the amount of unrealized gain or loss. The table above only shows the change in the unrealized position, as the total unrealized position will depend upon the unrealized position at the beginning of the period.

24

strong reliable trustworthy forward-thinking

 **Manulife Financial**  
For your future™

## Macro Hedging Exposures

Exposure	Index	Notional Value (C\$ billions)		Approximate Long-Term Annual Return Assumption
		1Q11	4Q10	
U.S. Equities	S&P 500	\$(3.3)	\$(3.3)	~10%
Canadian Equities	S&P/TSX	(0.5)	(0.4)	~9%
Japanese Equities	TOPIX	(0.3)	(0.1)	~6%
Europe & Other Equities	Various	(1.4)	(1.3)	~9%
<b>Total</b>		<b>\$(5.5)</b>	<b>\$(5.1)</b>	

Macro hedging costs will vary depending on a number of factors, including:

- Notional amount of futures sold short, including any changes during the period
- Actual & assumed total returns on various indices
- Swap and currency rates
- Tax rates of legal entities

## Note to Users

### Performance and Non-GAAP Measures

We use a number of non-GAAP financial measures to measure overall performance and to assess each of our businesses. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles used for the Company's audited historical financial statements which is prior Canadian GAAP for 2010 and earlier and IFRS for 2011 and beyond. Non-GAAP measures include: Diluted Earnings per Share (excluding Convertible Instruments); Constant Currency Basis; Premiums and Deposits; Premiums and Premium Equivalents; Funds under Management; Sales; and New Business Embedded Value. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP. Diluted earnings per share (excluding convertible instruments) is a non-GAAP measure. It shows diluted earnings per share excluding the dilutive effect of convertible instruments. The Company also uses financial performance measures that are prepared on a constant currency basis, which exclude the impact of currency fluctuations and which are non-GAAP measures. Quarterly amounts stated on a constant currency basis in this presentation are calculated, as appropriate, using the income statement and balance sheet exchange rates effective for the first quarter of 2010. Premiums and deposits is a measure of top line growth. The Company calculates premiums and deposits as the aggregate of (i) premiums and premium equivalents (see below), (ii) segregated fund deposits, excluding seed money, (iii) mutual fund deposits, (iv) deposits into institutional advisory accounts, and (v) other deposits in other managed funds. Premiums and premium equivalents are part of premiums and deposits. The Company calculates premiums and premium equivalents as the aggregate of (i) general fund premiums net of reinsurance, reported as premiums on the Consolidated Statement of Operations, (ii) premium equivalents for administration only group benefit contracts and (iii) premiums in the Canadian Group Benefit's reinsurance ceded agreement. Funds under management is a measure of the size of the Company. It represents the total of the invested asset base that the Company and its customers invest in. Sales are measured according to product type. (i) For total individual insurance, sales include 100 per cent of new annualized premiums and 10 per cent of both excess and single premiums. For individual insurance, new annualized premiums reflect the annualized premium expected in the first year of a policy that requires premium payments for more than one year. Sales are reported gross before the impact of reinsurance. Single premium is the lump sum premium from the sale of a single premium product, e.g. travel insurance. (ii) For group insurance, sales include new annualized premiums and administrative services only premium equivalents on new cases, as well as the addition of new coverages and amendments to contracts, excluding rate increases. (iii) For individual wealth management contracts, all new deposits are reported as sales. This includes individual annuities, both fixed and variable; variable annuity products; mutual funds; college savings 529 plans; and authorized bank loans and mortgages. (iv) For group pensions/retirement savings, sales of new regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider. Sales include the impact of the addition of a new division or of a new product to an existing client. Total sales include both new regular and single premiums and deposits. New business embedded value ("NBEV") is the change in shareholders' economic value as a result of sales in the period. NBEV is calculated as the present value of expected future earnings after the cost of capital on new business using future mortality, morbidity, policyholder behavior assumptions, expense and investment assumptions used in the pricing of the products sold. The investment assumptions for long duration products are based on the long-term investment assumptions typically determined during the annual planning cycle. For variable annuity products, the interest rates used in the calculation of NBEV are based on the interest rates at the time the business is issued. Effective the first quarter of 2011 we changed our interest rate assumption and policyholder experience assumptions used in the calculation of new business embedded value. Prior periods have not been restated for these changes. The interest rate assumption in 2011 is the same as the assumptions used to calculate the earnings from new business and the policyholder assumptions are also kept current with the valuation of policy liabilities. In 2010 and prior we set the interest rate for NBEV, for products other than variable annuities, equal to the rate used in our annual business plan and used policyholder experience assumptions equal to the assumptions at the beginning of each year. For further information regarding these subjects, see our press release announcing our 2011 first quarter results.

# Investor Relations Contacts

**Anthony Ostler**

Senior Vice President, Investor Relations  
anthony\_ostler@manulife.com  
(416) 926-5471

**Jason Lemieux**

Assistant Vice President  
jason\_lemieux@manulife.com  
(416) 852-9290

**Robert Veloso**

Assistant Vice President  
robert\_veloso@manulife.com  
(416) 852-8982

