Manulife Financial

For your future™

Fourth Quarter and Year End 2011
Financial & Operating Results

February 9, 2012

strong reliable trustworthy forward-thinking

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 our 2015 management objectives for earnings and return on equity, management objectives with respect to hedging equity markets and interest rate risks and potential future changes related to fixed income URR assumptions if current low interest rates persist. The forward-looking statements in this presentation 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”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective”, “seek”, “aim”, “continue”, “goal”, “restore”, “embark” and “endeavour” (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, including in the case of our 2015 management objectives for earnings and return on equity, the assumptions described under “Key Planning Assumptions and Uncertainties” in our 2010 Annual Report 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: the factors identified in “Key Planning Assumptions and Uncertainties” in our 2010 Annual Report; general business and economic conditions (including but not limited to the performance, volatility and correlation of equity markets, interest rates, 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 morbidity, mortality and policyholder behavior; the accuracy of other estimates used in applying accounting policies and actuarial methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate assets to back our long dated liabilities; 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; 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 in the body of this presentation as well as under “Risk Factors” in our most recent Annual Information Form, under “Risk Management” “Risk Management and Risk Factors Update” 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

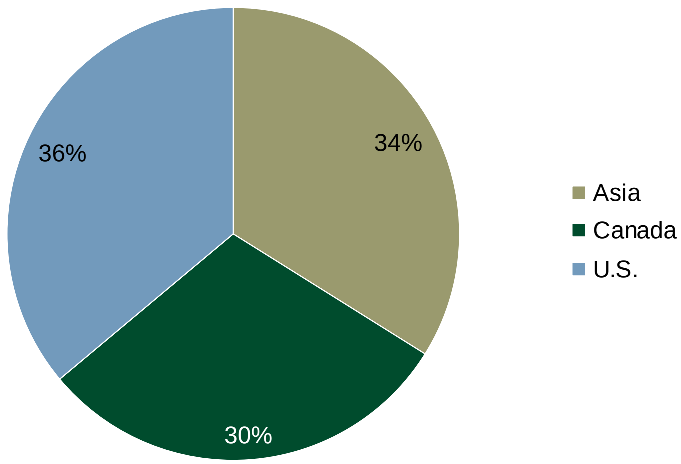
2011 strategic highlights

- ✓ Improved 2011 net income to $129 million, an improvement of $1.8 billion over prior year
- ✓ Achieved our three-year product repositioning
- ✓ Led the industry to re-price & redesign products for the current interest rate environment
- ✓ Generated sustainable growth of less risky, higher return new business through our investments in distribution and branding
- ✓ Achieved a record $500 billion in Funds Under Management as at December 31, 2011[1]
- ✓ Mitigated most of the impact of movements in the financial markets with our hedging program:
  - Achieved 2014 goal for interest rate risk reduction
  - Achieved 2012 goal for equity market risk reduction and 93% of our 2014 objective
- ✓ Maintained our strength:
  - Bolstered our capital ratio
  - Led the industry with MLI’s MCCSR ratio, despite very little credit for equity hedging

[1] Non-GAAP measure; see “Note to Users – Performance and Non-GAAP Measures” below.

Balanced contribution to operating earnings from Asia, Canada and U.S.

2011 Net Income excluding Notable Items[1]
(C$2,792 million, excludes Corporate and Other Division)



[1] Non-GAAP measure; see "Note to Users – Performance and Non-GAAP Measures" below. See slide 24-25 for 2011 Net income excluding notable items by division.

CFO's remarks

Michael Bell
Senior Executive Vice President & Chief Financial Officer

Full year highlights

- Net income attributable to shareholders of $129 million in 2011, versus a net loss of $1,663 million in 2010:
  - 2011 earnings include the unfavourable impact of changes to interest rates and equity markets, changes to actuarial methods and assumptions and a goodwill impairment charge
- MLI's MCCSR ratio at 216%, includes the 2011 impact of:
  - IFRS (Phase One) impact
  - OSFI's elimination of MCCSR credit for asset risk transfer on certain reinsurance treaties
  - Mechanics of MCCSR required capital in falling interest rate environment
- Full year earnings and capital benefited materially from significant hedging actions over the last 5 quarters:
  - Achieved 2014 goal to reduce interest rate risk
  - Achieved 2012 goal and 93% of 2014 goal for equity markets risk reduction

Notable items impacting 4Q11 loss of $69 million

Amount (C$ millions)	Description
153	**Direct impact of equity markets and interest rate movements**[1] Reflects gains of $40 million from equity markets, net of macro hedge result, and $113 million from changes in interest rates
(193)	**Impact of market factors on VA guarantee liabilities that are dynamically hedged** Includes the impact of higher realized equity & interest rate volatilities, tracking error and items not hedged
(97)	**Expected cost of macro equity hedges** Based on long-term total return assumptions and notional future value of $5.0 billion at quarter-start
279	**Investment-related gains** Includes a gain of $214 million related to a higher proportion of reinvestments into non-fixed income investments and $47 million related to the fair value increase of oil & gas properties
(665)	**Goodwill impairment** Driven by outlook for continued low interest rates and our actions to reduce interest rate risk

[1] 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.

Source of Earnings shows impacts of business changes, market environment, and goodwill impairment

Source of Earnings[1]
(C$ millions)

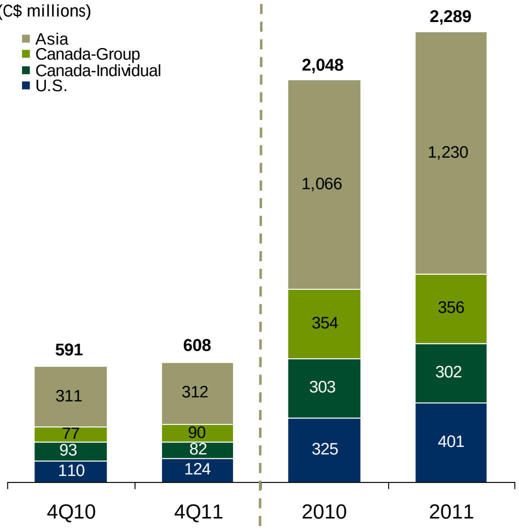
	3Q11	4Q11
Expected Profit on In-Force	800	814
Impact of New Business	(144)	(201)
Experience Gains (Losses)	(2,266)	246
Mgmt Actions & Chgs in Assumptions	(316)	(825)
Earnings on Surplus Funds	96	129
Other	(62)	(58)
Income Before Taxes	**(1,892)**	**105**
Income Taxes	615	(174)
Shareholders' Net Income	**(1,277)**	**(69)**
Currency Adjusted Expected Profit on In-force	*800*	*769*

- **Expected Profit on In-Force** increased due to favourable currency impacts, partially offset by lower asset-based fee income as a result of lower starting AUM
- **Impact of New Business** deteriorated in 4Q11 due to the impact of further declines in interest rates and increased sales of business with higher new business strain in reaction to announced price increases
- **Experience gains** reflect favourable investment gains and segregated fund experience, offset by losses from expenses and macro hedges
- **Management actions & changes in assumptions** largely reflects the impact of goodwill impairment and the expected cost of macro hedging
- **Earnings on Surplus** increased sequentially reflecting favourable currency impact and the non-reoccurrence of losses on alternative assets in 3Q11

1 The Source of Earnings (SOE) analysis is prepared following OSFI 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)

Record insurance sales in 2011 led by growth in Asia

Insurance Sales[1]
Targeted Growth Products
(C$ millions)



Full year 2011 sales of targeted insurance products were $2.3 billion, up 11%[2] versus 2010:

- Record Asia insurance sales were up 13% vs. prior year driven by 29% growth in ASEAN region
- Canadian sales were in-line with prior year, and portfolio was successfully repositioned towards products with more favourable risk profiles
- Targeted JH Life sales up 28%, and represented 84% of full year life sales (up from 55% last year)

Full year 2011 total insurance products sales of $2.5 billion was flat compared to 2010

- Successful shift in product mix towards targeted for growth products

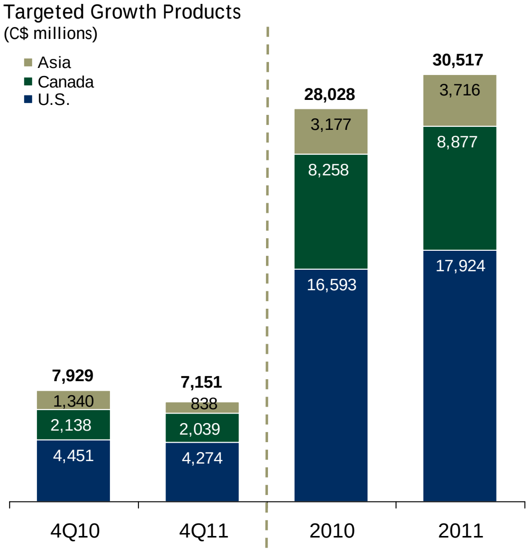
1 Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below. Insurance sales consist of recurring premiums and 10% of both excess and single premiums with the exception of Canada Group Benefits which is measured by new annualized premiums and single premium sales, including ASO premium equivalents.
2 All sales growth figures stated on a constant currency basis, a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

Record mutual fund sales in 2011 propelled wealth sales

Wealth Sales[1]

Targeted Growth Products

(C$ millions)



Full year 2011 sales of targeted wealth products were \$30.5 billion, up 11%[2] versus 2010:

- + Asia sales up 17% in 2011, driven by strong growth in China, Taiwan and Japan
- + Canada wealth sales were up 8%, fueled by 45% growth in mutual fund sales and the launch of the PensionBuilder product in 4Q11
- + U.S. sales were 12% above 2010, driven by record JH Mutual Fund sales
- \- Low interest rate environment negatively impacted fixed product sales in 2011

Full year 2011 total wealth products sales of \$34.6 billion were up 4% compared to 2010

- Successful shift in product mix towards targeted for growth products

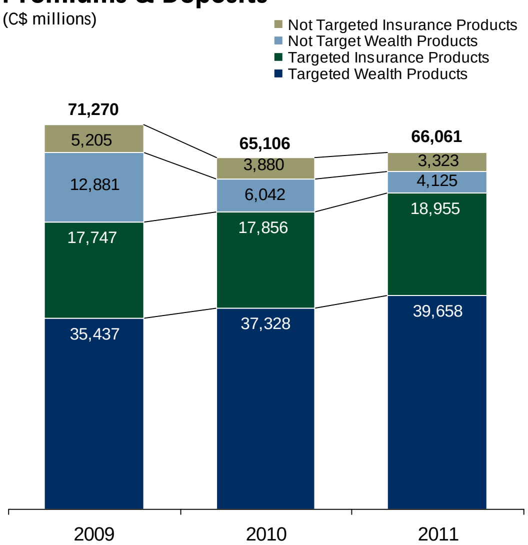
[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

[2] All sales growth figures stated on a constant currency basis a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

We have successfully transitioned our business mix towards targeted for growth products

Premiums & Deposits[1]

(C$ millions)



Total Company Premiums and Deposits of \$66.1 billion in 2011, were up 4%[2] vs. 2010

- + Targeted Wealth Products P&D up 10%, driven by strong mutual fund sales in North America
- + Targeted Insurance Products P&D up 7%, due to distribution growth in Asia and traction of new JH Life portfolio

P&D for Not Targeted for Growth Wealth and Insurance Products P&D down 31% and 11%, respectively

Targeted growth products now represent 89% of total company in-force Premiums and Deposits

- + Up 4 points from 85% in the prior year, and 14 points from 2009

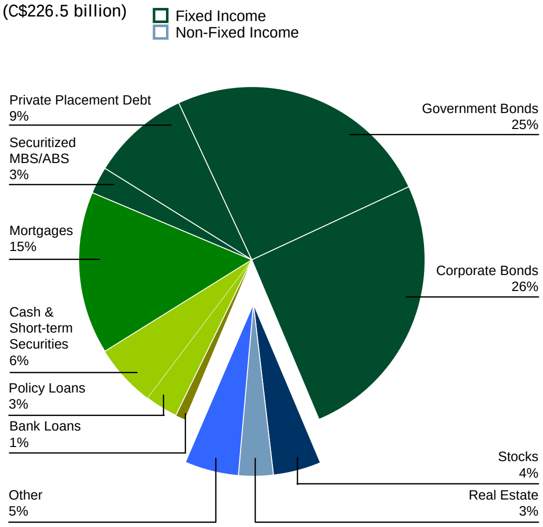
[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

[2] P&D growth stated on a constant currency basis, a 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$226.5 billion)



Diversified, high quality portfolio:

- 88% of the total portfolio is Fixed Income, of which 96% is Investment Grade
- 12% Non-Fixed Income, well diversified by asset class and geography; stocks and real estate largely unlevered with only modest leverage used in other classes such as infrastructure and private equity

Limited Net Exposure[1] to:

- Greece, Italy, Ireland, Portugal, and Spain:
  - No sovereign or financial sector exposure to Greece, Portugal or Spain
  - Banks and financials (C$33 million)
  - Sovereign debt (C$14 million)

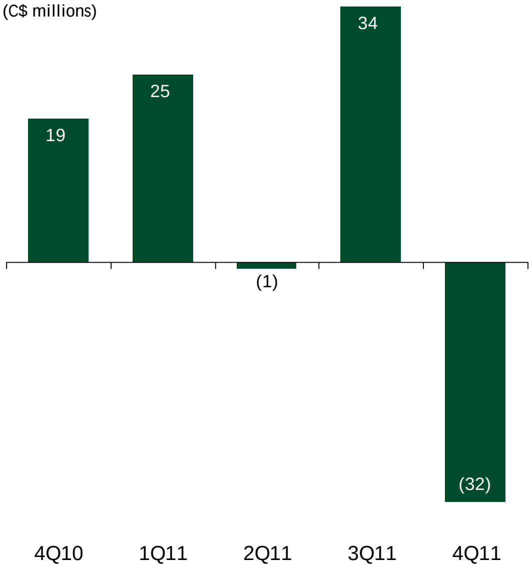
Carrying Value as at December 31, 2011.

[1] Net Exposure excludes par and pass-through and reflects the impact of downgrades on reserves. Presented based on location of issuer.

Despite downgrades & impairments in 4Q11, positive credit experience for full year 2011

Net Credit Experience

(C$ millions)



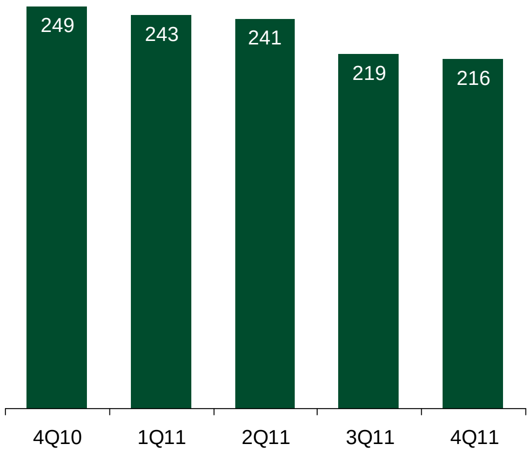
Impact on Earnings

(C$ millions, post-tax)	4Q11	2011
Credit (impairments) / recoveries	$(17)	$(35)
Credit (downgrades) / upgrades	(53)	(95)
Other credit impacts	5	38
Total Credit Impacts	**$(65)**	**$(92)**
Assumed in policy liabilities	$33	$118
Net Credit Experience Gain	**$(32)**	**$26**

Capital position supported by the protection of a substantial amount of hedges

Minimum Continuing Capital and Surplus Requirements Ratio (MLI)[1]

(%)



MLI's year-end MCCSR ratio was 216%, down 33 pts from the prior year. The 33 point decline includes:

- Regulatory and accounting changes: (18) pts
- Business growth and MLI dividends paid in excess of earnings: (13) pts
- Mechanics of required capital in a declining interest rate environment: (12) pts
+ Sale of Life retrocession business and additional third party reinsurance: +10 pts

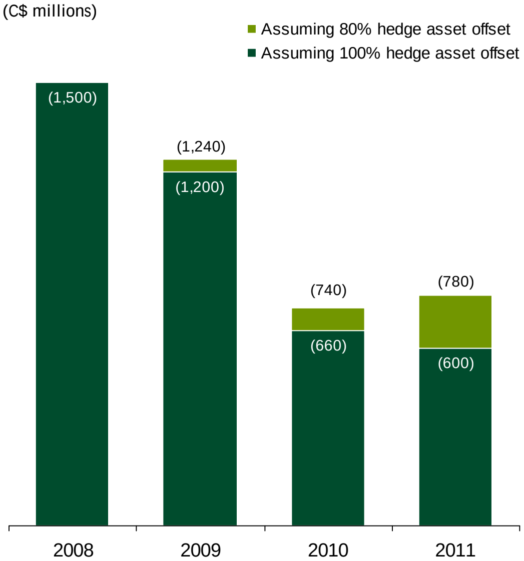
Given our reduced sensitivity to movements in financial markets and Provisions for Adverse Deviation, MLI's capital position represents a substantial cushion

[1] MLI refers to The Manufacturers Life Insurance Company. 2011 results based on IFRS, all other on CGAAP.

Achieved 93% of our 2014 goal for equity markets risk reduction

Equity Market Sensitivity[1]

(C$ millions)



Estimated impact of 10% equity market decline:

- Range of $(600) to $(780) million to earnings vs. $(660) to $(740) million in 2010
- (7) pts to MLI's MCCSR vs. (7) pts in 2010

Continued progress in managing sensitivity of earnings to equity markets:

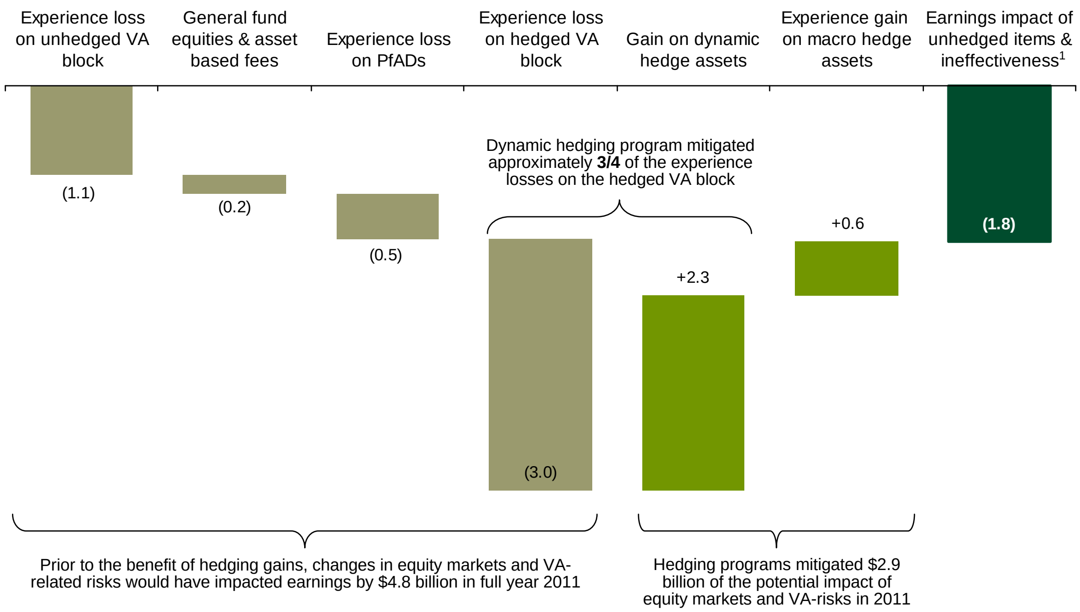
- Added $8.6 billion of guaranteed value to dynamic hedging program in 2011
- Short sold $775 million on TOPIX futures contracts under our macro hedging program in 2011, including an additional $300 million in 4Q11

60% - 70% of underlying earnings sensitivity to equity market changes now hedged

- Achieved our goal to hedge 60% by year end 2012
- At 93% of our goal to hedge 75% by year end 2014

[1] 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. Please refer to "Caution related to sensitivities" on page 29 of the fourth quarter press release.

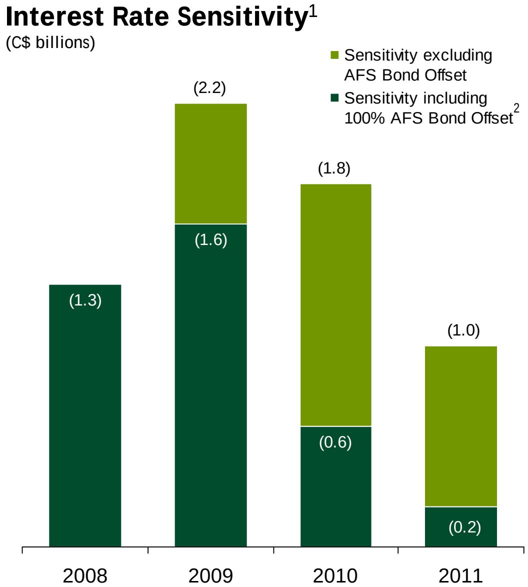
Hedging programs working well and mitigated much of the VA & equity related risks in 2011



[1] Please refer to slide 32 for a reconciliation of the earnings impact of unhedged items and ineffectiveness to Notable items

Exceeded our 2014 goal for interest rate risk reduction

Interest Rate Sensitivity[1]



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

- $(1.0) billion to earnings vs. $(1.8) billion in 2010
- (18) pts to MLI's MCCSR vs. (23) pts in 2010

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

- $(200) million to earnings vs. $(600) million in 2010
- (13) pts to MLI's MCCSR vs. (14) pts in 2010

Further de-risking activities taken in 2011:

- Executed forward starting interest rate swaps and purchased longer duration bonds
- Realized AFS gains reduced impact of interest rate decline

Exceeded our 2014 goal for reducing interest rate sensitivity to $1.1 billion excluding AFS bond offset

[1] 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. Please refer to "Caution related to sensitivities" on page 29 of the fourth quarter press release.
[2] See page 35 of the MD&A section of the fourth quarter 2011 press release.

Potential future impacts of a declining and/or sustained low interest rate environment

First Order Impacts	▪ **Fixed Income Initial Reinvestment Rate ("IRR"):** Under CALM/IFRS, reserves backing policyholder liabilities are largely marked-to-market to the current interest rate environment. Manulife has already recognized the current environment and would not expect to book further material IRR charges if rates remained constant ▪ **Fixed Income Ultimate Reinvestment Rate ("URR"):** URR is used in the calculation of the company's reserves for cash flows 20+ years in the future. The URR is a formulaic calculation defined as 90% of the average of the 5 and 10-yr moving average risk free rates. A prolonged low interest rate environment would result in additional reserve strengthening for the next several years as the moving average moves closer to the current risk free rates. The current estimate of the potential future cumulative URR charge if rates remained constant with Dec 31, 2011 for the next ten years is approximately $2 to $3 billion (after-tax) ▪ **New Business Strain:** Lower rates result in higher new business strain until products are re-priced
Second Order Impacts	▪ **Reserve Scenarios:** If rates were to decline further in the near term with no change to the URR, Canadian actuarial Standards of Practice could require us to value some reserves on an alternate interest rate scenario. Our current scenario, which grades rates to the URR, could be replaced by a scenario that results in increased earnings sensitivities to further declines in interest rates ▪ **Sales:** Low interest rates could negatively impact sales ▪ **Operating expense pressures:** Lower sales volumes could put increased pressure on the need to lower operating expenses or face higher operating expense losses ▪ **Higher hedging costs:** Lower risk free rates tend to increase cost of both dynamic and macro hedging programs ▪ **Earnings on Surplus:** The re-investment of cash flows into low yielding AFS bonds could result in lower future earnings on surplus ▪ **Expected Profit from In-Force:** Lower sales volumes and lower margin sales could result in lower future expected profit from in force ▪ **Potential impairment:** Prolonged low interest rates could lead to the potential impairment of goodwill ▪ **Overall Economic Environment:** A lower interest rate environment could be correlated with other macro-economic factors including unfavourable economic growth and lower returns on other asset classes

Key questions

- 2012 earnings outlook and 2015 financial objectives
- MCCSR of 216% at year-end 2011

Summary

In 2011, Manulife has:

- Achieved our targeted new business mix
- Increased pricing of products to reflect the current environment
- Bolstered our financial strength, particularly with our expanded hedging programs
- Significantly reduced the impact on earnings of equity market and interest rate movements
- Invested in enhancing brand awareness in our key markets globally
- Continued to deliver strong growth in our targeted businesses

Question & Answer Session

Appendix

- Results by Division
- Additional Risk Disclosures
- IFRS vs. U.S. GAAP differences
- Embedded Value

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Divisional earnings

2011 Net income excluding notable items

(C$ millions)	Asia	Canada	U.S.	Corp & Other	Total Company
Net Income (loss)	$(48)	$910	$638	$(1,371)	$129
Direct impact of equity markets & interest rates	(1,159)	12	(397)	480	(1,064)
Net income excluding the direct impact of equity markets & interest rates	1,111	898	1,035	(1,851)	1,193
Other notable items	173	64	15	(1,641)	(1,389)
Net Income (loss) excluding notable items[1]	**$938**	**$834**	**$1,020**	**$(210)**	**$2,582**

4Q11 Net income excluding notable items

(C$ millions)	Asia	Canada	U.S.	Corp & Other	Total Company
Net Income	$285	$241	$510	$(1,105)	$(69)
Direct impact of equity markets & interest rates	41	99	268	(255)	153
Net income excluding the direct impact of equity markets & interest rates	244	142	242	(850)	(222)
Other notable items	31	5	48	(758)	(674)
Net Income (loss) excluding notable items[1]	**$213**	**$137**	**$194**	**$(92)**	**$452**

[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

2011 other notable items by division

Full Year 2011 other notable items[1]

(C$ millions)	Asia	Canada	U.S.	Corp & Other	Total Company
Goodwill impairment				(665)	(665)
Income (charges) on VA guarantee liabilities that are dynamically hedged	(31)	(278)	(844)		(1,153)
Expected cost of macro equity hedges				(408)	(408)
Investment-related experience gains	141	192	601	31	965
Impact on policy liabilities related to activities to reduce interest rate exposures	63	150	258		471
Change in actuarial methods & assumptions (excl URR)				(751)	(751)
Net impact of P&C reinsurance claims related to the earthquake in Japan				(151)	(151)
Gains on sale of life retrocession business				303	303
Other notable items	**173**	**64**	**15**	**(1,641)**	**(1,389)**

[1] See page 12-14 of the MD&A section of the fourth quarter 2011 press release for further details.

4Q11 other notable items by division

4Q11 other notable items[1]

(C$ millions)	Asia	Canada	U.S.	Corp & Other	Total Company
Goodwill impairment				(665)	(665)
Income (charges) on VA guarantee liabilities that are dynamically hedged	(16)	(67)	(110)		(193)
Expected cost of macro equity hedges				(97)	(97)
Investment-related experience gains	47	72	158	2	279
Change in actuarial methods & assumptions (excl URR)				2	2
Other notable items	**31**	**5**	**48**	**(758)**	**(674)**

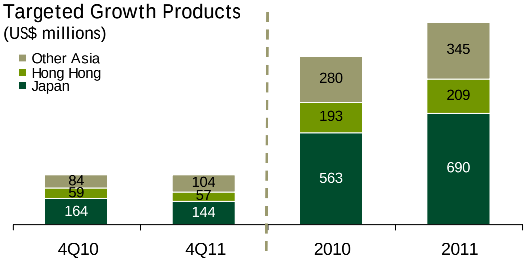
[1] See page 12-14 of the MD&A section of the fourth quarter 2011 press release for further details.

Asia Division results

Insurance Sales[1]

Targeted Growth Products

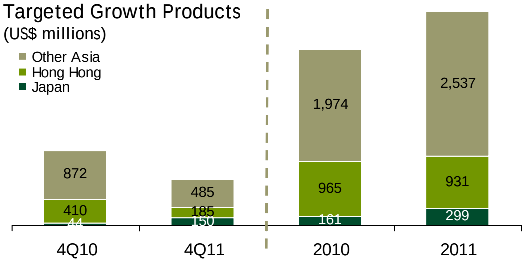
(US$ millions)



Wealth Sales[1]

Targeted Growth Products

(US$ millions)



- Asia Division reported earnings of US$279 million in 4Q11, and a loss of US$(62) million in full year 2011:
  - 4Q11 earnings excluding notable items were US$209 million
- Insurance sales declined 4%[2] IN 4Q11 vs. 4Q10 due to re-pricing actions on Non-Par Whole Life (NWL) products in Japan:
  - Excluding Japan NWL, sales were up 21%
  - Record ASEAN sales up 22% due to expansion in Indonesian bank channel, increased agents and sales campaigns
- Targeted wealth sales were down 39% in 4Q11 compared to strong 4Q10 results which included launch of QFII funds:
  - Japan sales tripled on the launch of a new foreign currency fixed annuity product
  - Taiwan sales up 45% due to successful fund launch

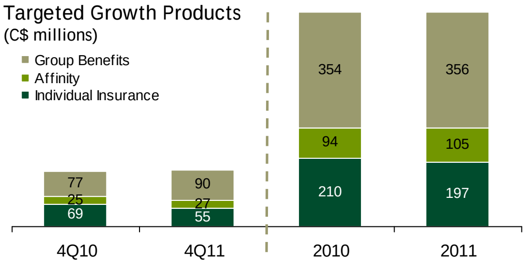
[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.
[2] All sales growth figures stated on a constant currency basis a Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

Canadian Division results

Insurance Sales[1]

Targeted Growth Products

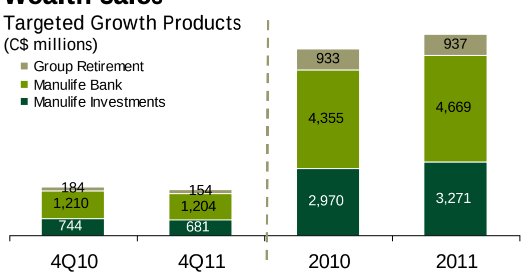
(C$ millions)



Wealth Sales[1]

Targeted Growth Products

(C$ millions)



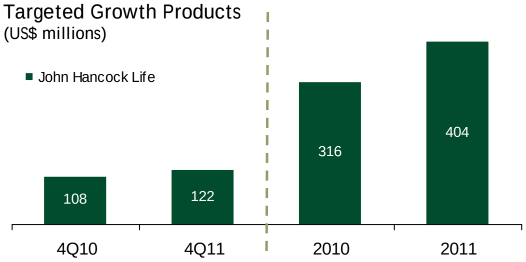
- Manulife Canada reported earnings of $241 million in 4Q11 and $910 million in full year 2011:
  - 4Q11 earnings excluding notable items were $137 million
- Insurance sales in 4Q11 were modestly ahead of 4Q10, as sales growth in Group Benefits and Affinity Markets more than offset a decline in Individual Insurance:
  - Record 2011 sales in Group Benefits' small case segment, up 18% from 2010
- Sales of targeted wealth products increased 7% in 2011, despite 4Q11 decline of 5% from 4Q10 in environment of economic uncertainty:
  - 2011 mutual funds sales of $2 billion, up 45% from 2010
  - 2011 Bank new lending volumes of $4.7 billion, up 7% from 2010
  - Lower risk VA products, InvestmentPlus and PensionBuilder, up 46% in 4Q11 and up 27% in 2011 over same period a year ago
  - Group Retirement 2011 sales modestly ahead of 2010, #1 in DC sales (3Q11 YTD, LIMRA)

[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below

U.S. Division results

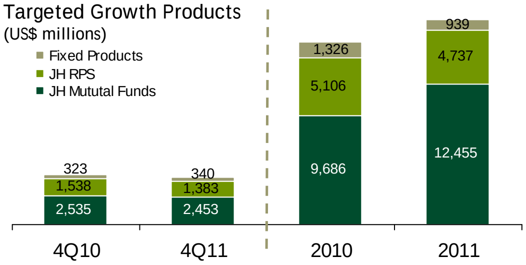
Insurance Sales[1]

Targeted Growth Products
(US$ millions)



Wealth Sales[1]

Targeted Growth Products
(US$ millions)



- John Hancock reported earnings of US$498 million in 4Q11 and US$631 million in full year 2011:
  - 4Q11 earnings excluding notable items were US$189 million
- Targeted Insurance sales increased 13% in 4Q11 vs. 4Q10 on successful launch of the new Protection UL product:
  - Targeted for growth products represented 88% of total life sales in the U.S.
- Targeted wealth sales declined 5% in 4Q11 compared to 4Q10 primarily due to volatile equity markets:
  - Strong mutual fund sales despite challenging market environment

[1] Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

Sensitivity to equity markets

Potential impact on annual net income attributed to shareholders arising from changes in public equity returns[1,2]

As at December 31, 2011						
(C$ millions)	**-30%**	**-20%**	**-10%**	**+10%**	**+20%**	**+30%**
Variable annuity guarantees	$(6,080)	$(3,830)	$(1,780)	$1,490	$2,720	$3,690
Asset based fees	(260)	(180)	(80)	90	180	260
General fund equity investments	(300)	(200)	(110)	100	200	300
Total underlying sensitivity	$(6,640)	$(4,210)	**$(1,970)**	**$1,680**	$3,100	$4,250
Impact of Hedging Programs:						
Impact of macro hedge assets	$1,420	$950	$470	$(470)	$(950)	$(1,420)
Impact of dynamic hedge assets (100% hedge offset)	3,170	1,980	900	(710)	(1,240)	(1,610)
Assumed partial hedge asset offset	(950)	(500)	(180)	(140)	(300)	(480)
Net impact of hedging programs	$3,640	$2,430	**$1,190**	**$(1,320)**	$(2,490)	$(3,510)
Net income impact (full hedge offset)	$(2,050)	$(1,280)	**$(600)**	**$500**	$910	$1,220
Net income impact (partial hedge offset)	$(3,000)	$(1,780)	**$(780)**	**$360**	$610	$740
Underlying sensitivity hedged (full hedge offset)	69%	70%	**70%**	**70%**	71%	71%
Underlying sensitivity hedged (partial hedge offset)	55%	58%	**60%**	**79%**	80%	83%
Potential impact on MLI's MCCSR ratio	(27) pts	(15) pts	**(7) pts**	**+2 pts**	+3 pts	+4 pts

[1] All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact.
[2] Please note the Company's disclosures which describe risk factors for hedging and reinsurance strategies.

Notional hedging exposures

Exposure	Index	Notional Value (C$ billions) 4Q11	3Q11	Approximate Long-Term Annual Return Assumption
U.S. Equities	S&P 500	$(3.2)	$(3.0)	~10.0%
Canadian Equities	S&P/TSX	(0.3)	(0.3)	~9.5%
Japanese Equities	TOPIX	(0.9)	(0.6)	~6.0%
Europe & Other Equities	Various	(1.2)	(1.1)	~9.0%
Macro hedges		**$(5.6)**	**$(5.0)**	
Dynamic hedges		(10.6)	(11.1)	
Notional value of hedges		**$(16.2)**	**$(16.1)**	

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

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

Reconciliation of VA and equity related items in notable items

VA & equity related exposures not mitigated by hedges (Slide 17)

(C$ million)	4Q11	FY 2011
Higher volatility, fund tracking , policyholder behaviour & items not hedged (in the hedged block)	(170)	(658)
Gain/loss on variable annuity guarantees not hedged [(1)]	33	(560)
Gain/loss on unhedged PfADs backing VA guarantees (in the hedged VA block)	(23)	(495)
Gain/loss on general fund equity and on fee income [(1)]	7	(110)
VA related and non VA equity related exposures not offset by hedges	**(153)**	**(1,823)**

Net impact of VA and equity related items included in Notable Items (Slide 8)

(C$ millions)	4Q11	FY 2011
Charges on VA guarantee liabilities not dynamically hedged	234	(1,092)
Charges on general fund equities and on fee income	56	(214)
Gains on macro equity hedges	(250)	636
Impact of market factors on VA liabilities that are dynamically hedged[(2)]	(193)	(1,153)
Net impact of VA and equity related items included in notable items	**(153)**	**(1,823)**

1 Net of proportionally allocated benefit of $636 million gain on macro equity hedges for full year and loss on macro equity hedges of $250 million in 4Q11.
2 The full year 2011 net charge of $1,153 million ($193 million in 4Q11) was impacted by the decline in equity markets and interest rate levels as well as their correlations. Due to their correlations, the equity market and interest rate components cannot be separately identified with precision.

Improved sensitivity to parallel change in interest rates

Potential Impact[1] of an immediate parallel change in "all rates" on:	4Q11		3Q11	
(C$ millions)	**-100 bps**	**+100 bps**	-100 bps	+100 bps
General fund products	$(500)	$350	$(400)	$400
Variable annuity guarantees	(500)	350	(600)	400
Total impact excluding AFS bonds held in surplus segment	$(1,000)	$700	$(1,000)	$800
Impact on AFS bonds held in surplus segment [2]	800	(700)	700	(700)
Total impact including AFS bonds held in surplus segment	$(200)	$0	$(300)	$100

MCCSR Impact:				
- Excluding AFS bonds held in surplus segment	(18) pts	+13 pts	(17) pts	+13 pts
- Including AFS bonds held in surplus segment	(13) pts	+8 pts	(12) pts	+8 pts

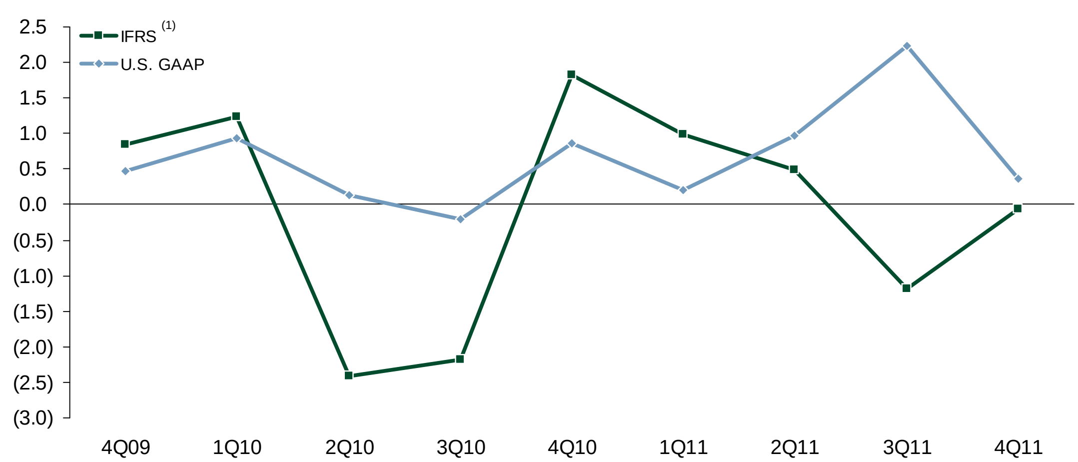
Potential Impact[1] of a parallel change in corporate bond spreads:	4Q11		3Q11	
(C$ millions)	**-50 bps**	**+50 bps**	-50 bps	+50 bps
Corporate Spreads	$(900)	$500	$(900)	$600

Potential Impact[1] of a parallel change in swap spreads:	4Q11		3Q11	
(C$ millions)	**-20 bps**	**+20 bps**	-20 bps	+20 bps
Swap Spreads	$600	$(600)	$600	$(600)

1 All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact.
2 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.

Net Income in accordance with IFRS and U.S. GAAP

Net income
(C$ billions)



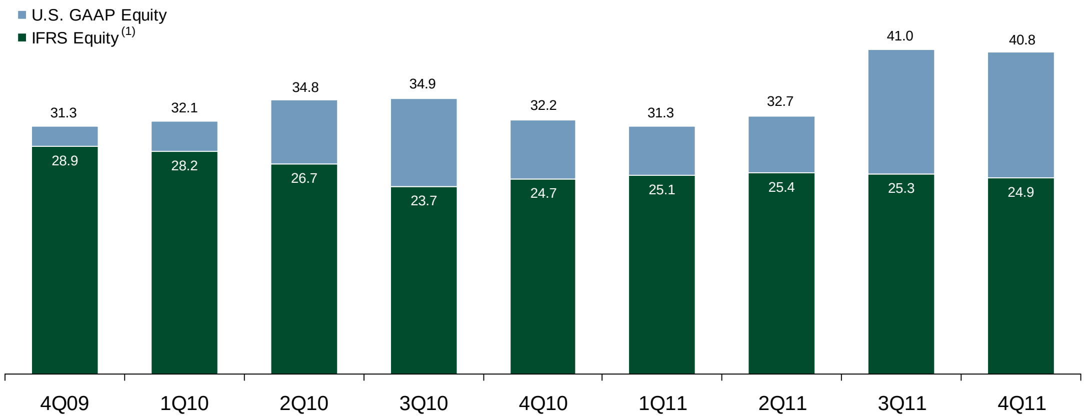
- IFRS net income is typically more volatile compared to U.S. GAAP in periods of market dislocation due to more extensive use of mark-to-market accounting

1 4Q09 earnings presented in accordance with Canadian GAAP. Earnings for periods after 4Q09 are presented in accordance with IFRS.

Total equity in accordance with IFRS and U.S. GAAP

Equity (Book Value)

(C$ billions)

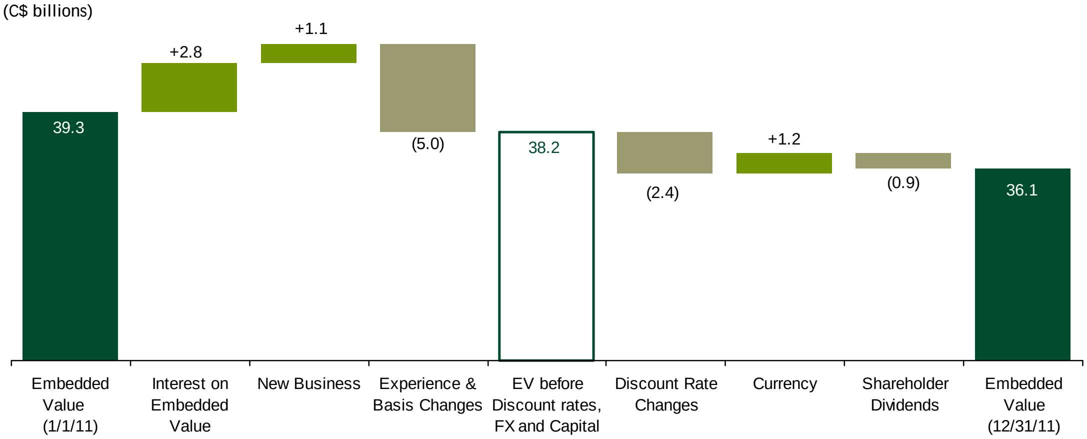


- “Mark-to-market" accounting approach of IFRS which recognizes the current low interest rate and updated actuarial assumptions are not generally reflected in U.S .GAAP results
- Differences in accounting methods result in nearly C$16 billion lower equity under IFRS than U.S. GAAP at 4Q11

[1] 4Q09 equity presented in accordance with Canadian GAAP. Equity for periods after 4Q09 are presented in accordance with C-IFRS.

Change in method for determining the discount rate reduced In-Force Embedded Value[1]

(C$ billions)



- New method to select discount rate uses moving average risk free rates (similar to URR) plus a risk premium, resulting in a more conservative in-force embedded value
- In-Force Embedded Value/Share of $20.02, down 9.5% from the prior year due to lower discount rates, and unfavourable experience & basis changes in 2011

[1] Non-GAAP measure. See “Note to Users – Performance and Non-GAAP Measures” below.

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: Net Income (Loss) Excluding the Direct Impact of Equity Markets and Interest Rates; Earnings Excluding Notable Items; Net Income in Accordance with U.S. GAAP; Return on Common Shareholders' Equity; Constant Currency Basis; In-Force Embedded Value; Premiums and Deposits; and Sales. Non-GAAP financial measures are not defined terms under GAAP and, therefore, with the exception of Net Income in Accordance with U.S. GAAP (which is comparable to the equivalent measure of issuers whose financial statements are prepared in accordance with U.S. GAAP), 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. Net income (loss) excluding the direct impact of equity markets and interest rates is a non-GAAP profitability measure. It shows what the net income (loss) attributed to shareholders would have been assuming that existing hedges are unchanged and that interest and equity markets performed as assumed in our policy valuation. The direct impact of equity markets and interest rates is relative to our policy liability valuation assumptions and includes changes to the interest rate assumptions. We also include gains and losses on the sale of AFS bonds as management may have the ability to partially offset the direct impacts of changes in interest rates reported in the liability segments. We consider the gains or losses on the variable annuity business that is dynamically hedged to be an indirect impact, not a direct impact, of changes in equity markets and interest rates and accordingly, such gains and losses are reflected in this measure. Net income excluding notable items is a non-GAAP profitability measure. It shows what the net income (loss) attributed to shareholders would have been assuming that interest and equity markets performed as assumed in our policy valuation and the notable items indicated in our press release announcing our 2011 fourth quarter results had not occurred. Net income in accordance with U.S. GAAP is a non-GAAP profitability measure. It shows what the net income would have been if the Company had applied U.S. GAAP as its primary financial reporting basis. We consider this to be a relevant profitability measure given our large U.S. domiciled investor base and for comparability to our U.S. peers who report under U.S. GAAP. Return on common shareholders' equity ("ROE") is a non-GAAP profitability measure that presents the net income available to common shareholders as a percentage of the capital deployed to earn the income. The Company calculates return on common shareholders' equity using average common shareholders' equity excluding Accumulated Other Comprehensive Income (Loss) ("AOCI") on AFS securities and cash flow hedges. The Company 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 fourth quarter of 2010. In-force embedded value is calculated as tangible shareholders' equity plus the value of in-force business, where the value of in-force business is the present value of expected future earnings on in-force business less the present value cost of holding capital required to support the in-force business. In-force embedded value is a measure of the shareholder value embedded in the current balance sheet of the Company, excluding any value associated with future new business. The change in In-force embedded value between reporting periods, excluding changes due to discount rates, foreign exchange rates and capital, is used as a measure of the value created by the year's operations. Premiums and deposits is a non-GAAP measure of top line growth. The Company calculates premiums and deposits as the aggregate of (i) general fund premiums, net of reinsurance, reported as premiums on the Consolidated Statement of Income, (ii) premium equivalents for administration only group benefit contracts, (iii) premiums in the Canadian Group Benefits reinsurance ceded agreement, (iv) segregated fund deposits, excluding seed money, (v) mutual fund deposits, (vi) deposits into institutional advisory accounts, and (vii) other deposits in other managed funds. 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. For further information regarding these subjects, see our press release announcing our 2011 fourth quarter results.

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