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Annual Meeting
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Thank you Madam Chair. Good morning everyone.

I appreciate the opportunity to address this annual meeting here in Toronto. I am honoured to be the Chief Financial Officer of our great Canadian Company – a company that has stood behind its promises to our policyholders and customers – for over 120 years. I am also very proud of what we have accomplished in the last year. I would particularly highlight the strengthening of our capital position, the reduction in our risk profile, and the changes we are driving in our business mix.

Overview

This morning I will summarize our progress on our five strategic priorities and then review our 2010 financial and operating results. Then, I will review our results for the first quarter of this year.

Progress on Strategic Priorities

Throughout 2010, and thus far in 2011, we continue to make strong progress on all five of our strategic priorities. We are growing and successfully diversifying our businesses. We are maintaining strong capital levels, and this financial strength is at the core of our Manulife and John Hancock brands and our promises to our clients. We continue to significantly reduce our earnings sensitivity and risk to unfavorable equity markets and interest rates. We are also taking the actions required to improve our Return on Equity by changing our business mix, and specifically, we are leveraging our strong diversified position in the world's largest economies and growing our higher return businesses while we consciously constrain our lower return, higher risk products. And importantly, we continue to invest our resources to ensure that we offer a high quality value proposition to our clients.

We are pleased with the progress that we have made in these five areas in 2010.

2010 Financial and Operating Results

In terms of our financial results, our adjusted earnings from operations were nearly $2.9 billion dollars after-tax in 2010. However, we reported a net loss of $391 million dollars, reflecting over $3 billion dollars of charges from two legacy items. Specifically, the actuarial basis changes amounted to a charge of over $2 billion dollars and our goodwill impairment under Canadian GAAP was approximately $1 billion dollars.

While these two legacy charges were unfortunate, they do not deter us from recognizing the strong progress we made in 2010 in each of our businesses.

Asia – Rapid Growth

In Asia we are driving strong top line and bottom line results. In 2010, insurance sales reached a record $1.1 billion dollars, a 43 per cent increase over 2009, driven by significant increases in distribution capabilities, and continued product innovation. In 2010, Asia represented 42 per cent of our global insurance sales, over double the comparable amount in 2007. Wealth management also experienced strong sales growth of 32 per cent.

In 2010, Asia represented nearly one-third of our total adjusted earnings from operations, and over the last 12-years, our net income in Asia has grown at a compound growth rate of 18 per cent per year, an impressive result.

Canada – Diversified Market Leadership in High Return Businesses

Here in Canada we are successful as a diversified financial services provider, with a focus on growth in our high-return businesses. We are driving strong growth in our wealth management businesses as we had record mutual funds sales that were nearly triple 2009 levels. And our Group Retirement business ranked number one in defined contribution sales. Our Manulife Bank also continued its track record of profitable growth. In addition, we achieved record annual sales in individual insurance and travel insurance.

In 2010, our Canadian division contributed nearly one third of Manulife's total adjusted earnings, and we value very much the well-diversified sources of earnings in our home market.

U.S. – Repositioned for Higher Return Growth

In the U.S. we are transforming our business to focus on higher return, lower risk products and services. We are achieving this by leveraging our strong brand, market position, and distribution capabilities. For example, John Hancock Mutual Funds delivered record sales in 2010, up 48 per cent from 2009. John Hancock Retirement Plan services also delivered record sales and ranked number one in the small group segment. John Hancock also reached a record $188 billion dollars of Funds Under Management in 2010.

In insurance, we are successfully leveraging our strong distribution capabilities to reposition our John Hancock insurance business to reduce the focus on long-term guarantees. These actions support our five-year ROE objective as well as our risk reduction initiatives.

John Hancock contributed nearly one-third of our total adjusted earnings from operations in 2010 and is well positioned for earnings growth in 2011.

2010 Sales Growth in the Products Targeted for Growth

Overall in 2010 we had strong sales of the products that we targeted for growth. Sales of targeted insurance products grew by 20 per cent over 2009, and our sales of targeted wealth products for the full year grew by 23 per cent. This demonstrates that we are leveraging our competitive advantages to successfully grow our higher return businesses.

Ahead of Timeline for Equity Risk Reduction

While we have successfully grown our targeted businesses, we have also reduced our equity market sensitivity and risk profile. You can see from this slide that our year-end 2010 equity market sensitivity was significantly improved relative to year-end 2009.

At year-end 2010, we were well on track to meeting or exceeding our year-end 2012 and 2014 goals for additional risk reduction.

Considerable Progress in Interest Rate Reduction

We also made significant progress in reducing our interest rate sensitivity in 2010 relative to the prior year. The year-over-year reduction is displayed on this slide.

In this area, we were also well on track to meet or exceed our 2012 and 2014 goals.

Financial Strength

In 2010, we also strengthened our capital position. MLI reported an MCCSR ratio of 249 per cent at year end 2010, the highest year-end level in years. Combined with the actions we have taken to reduce our equity market and interest rate sensitivities, this capital position represents a substantial buffer relative to financial market risks.

Strong First Quarter 2011 Results

In the first quarter of 2011, we have continued to make excellent progress on our priorities. We delivered strong sales growth in our targeted growth products, with wealth sales up 22 per cent and insurance sales up 15 per cent, compared to the first quarter of 2010.

A number of businesses achieved first quarter sales records, including mutual funds in the U.S., and Individual Insurance, Affinity, and mutual funds in Canada.

First quarter 2011 net income amounted to $985 million dollars, including the gain from the actions we took to reduce interest rate sensitivity. We achieved the higher level of earnings despite much higher hedging costs relative to a year ago, and the charge for the estimated P&C claims in Japan.

Overall, our capital position remains strong, with MLI's MCCSR ratio of 243 per cent

Risk Reduction Continued in 1Q 2011

Our actions in the first quarter also enabled us to achieve our year-end 2012 target for equity market risk reduction, and exceed our year-end 2012 target for interest rate sensitivity. We are happy to be ahead of our original timeline for risk reduction, and we plan to continue to improve our risk profile.

Summary

By way of summary, we are pleased with our progress towards delivering on our five strategic priorities.

We are growing and diversifying our businesses. We are maintaining strong capital levels and improving our risk profile through additional hedging actions. As described in our 2015 objectives, we are increasing our expected return on equity by changing our business mix. Finally, we continue to provide a quality value proposition for our clients.

Overall, good progress and a strong start to 2011!

Thank you very much.