



# UBS Asset Gathering Conference Outlook for Growth

**Robert Cassato**  
Executive Vice President, Distribution  
Manulife Financial

**Boston, Massachusetts**  
March 29, 2007



# Legal Disclaimer

## Caution Regarding Forward-Looking Statements

This document 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*. These forward-looking statements 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”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective” 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. 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: level of competition and consolidation, changes in laws and regulations, general business and economic conditions, currency rates and Company liquidity, accuracy of information received from counterparties and the ability of counterparties to meet their obligations, accuracy of accounting policies and actuarial methods used by the Company, ability to maintain the Company’s reputation, legal and regulatory proceedings, the disruption of or changes to key elements of the Company’s or to public infrastructure systems, the ability to attract and retain key executives, environmental concerns, the ability to complete acquisitions and execute strategic plans, and the ability to adapt products and services to the changing market. Additional information about material factors that could cause actual result 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 document as well as 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 Report, and elsewhere in our filings with Canadian and U.S. securities regulators. We do not undertake to update any forward-looking statements.



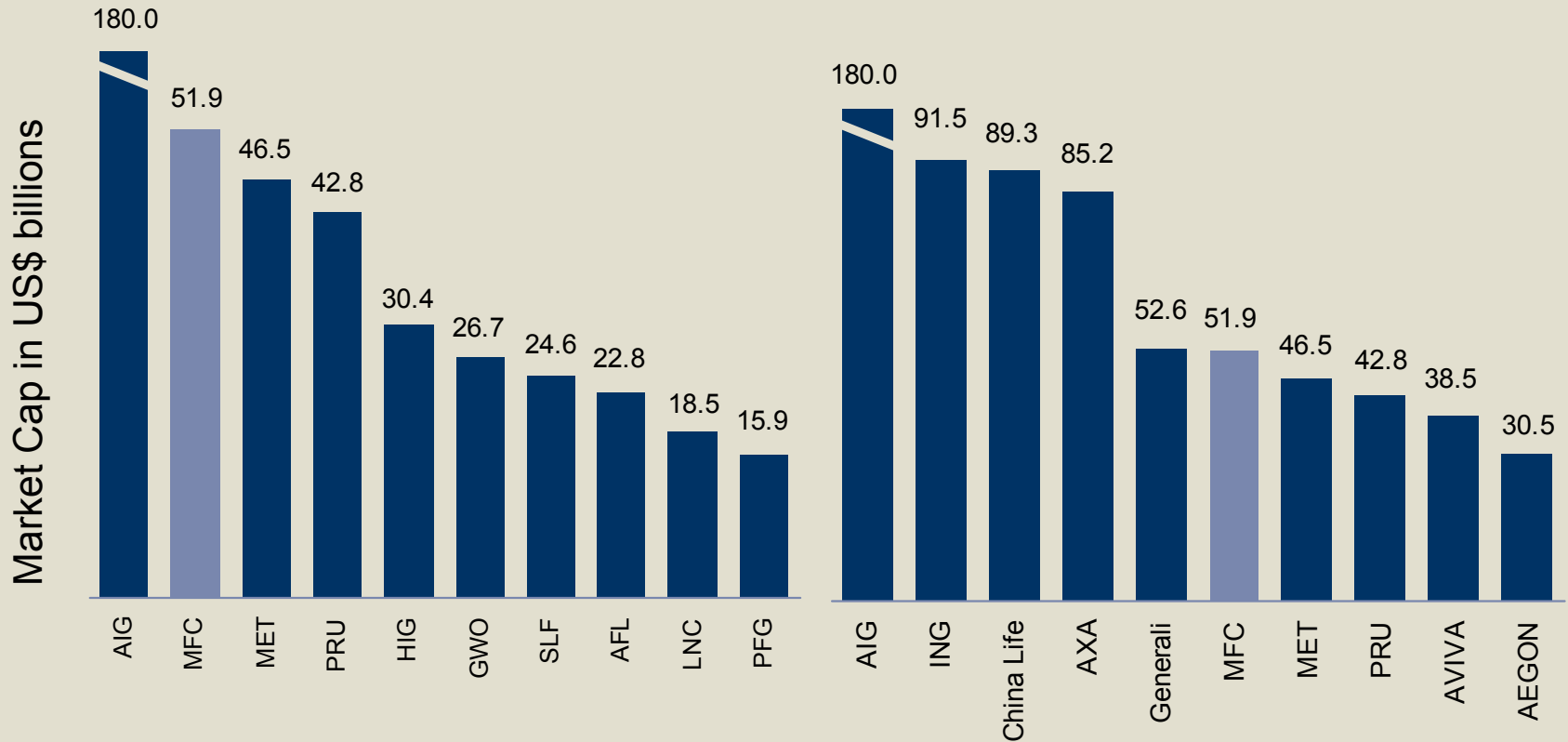
# Agenda

- Manulife Financial Corporation Financial Results
- Our Place in the Global Market
- U.S. Marketplace
- U.S. Variable Annuities
  - What We Knew
  - What We Know
  - What We Think We Know

# Market-leading Global Insurer

## N. American Life Insurers

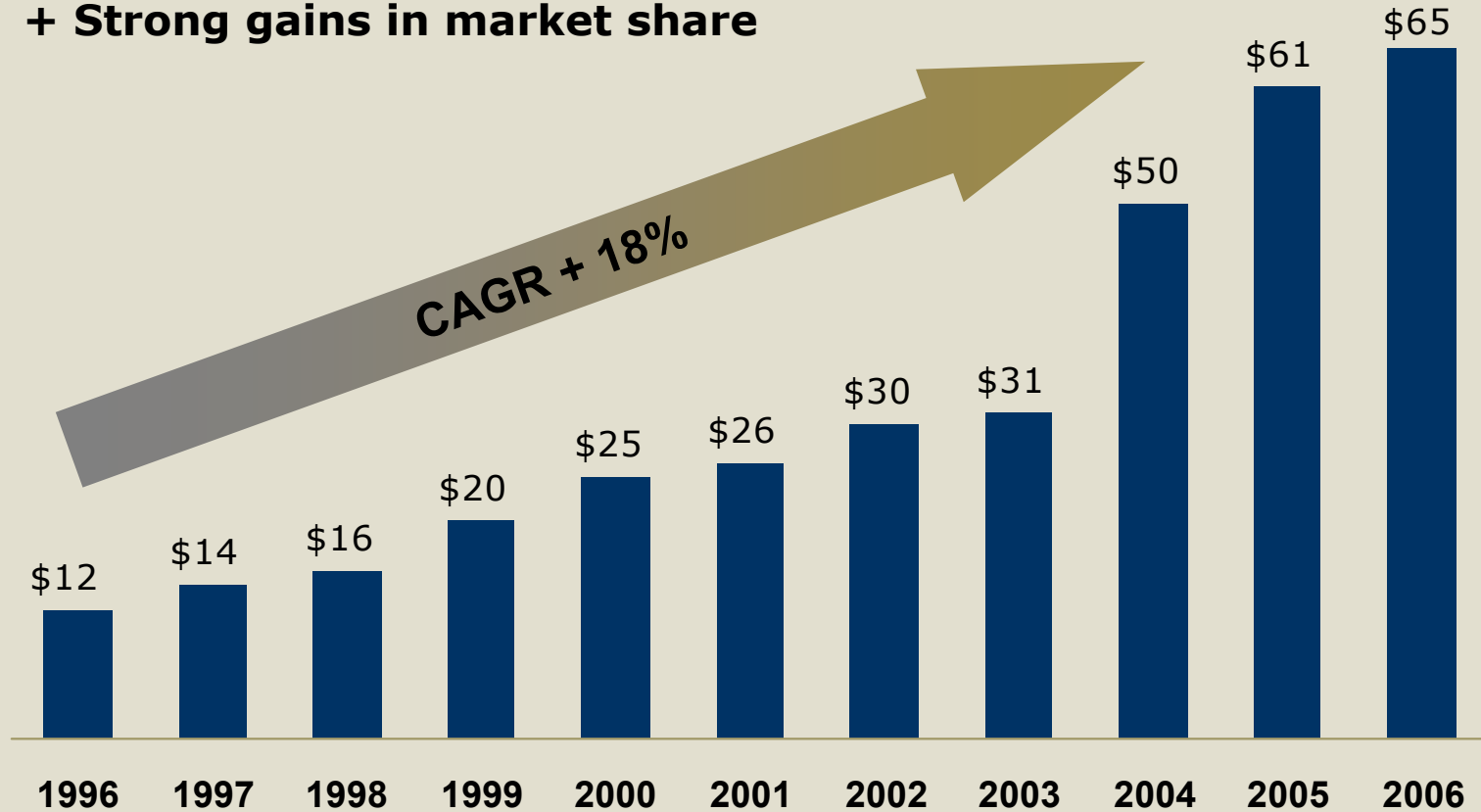
## Global Life Insurers



Market data as of March 7, 2007. Source: Thomson Financial

# Exceptional Top Line Growth

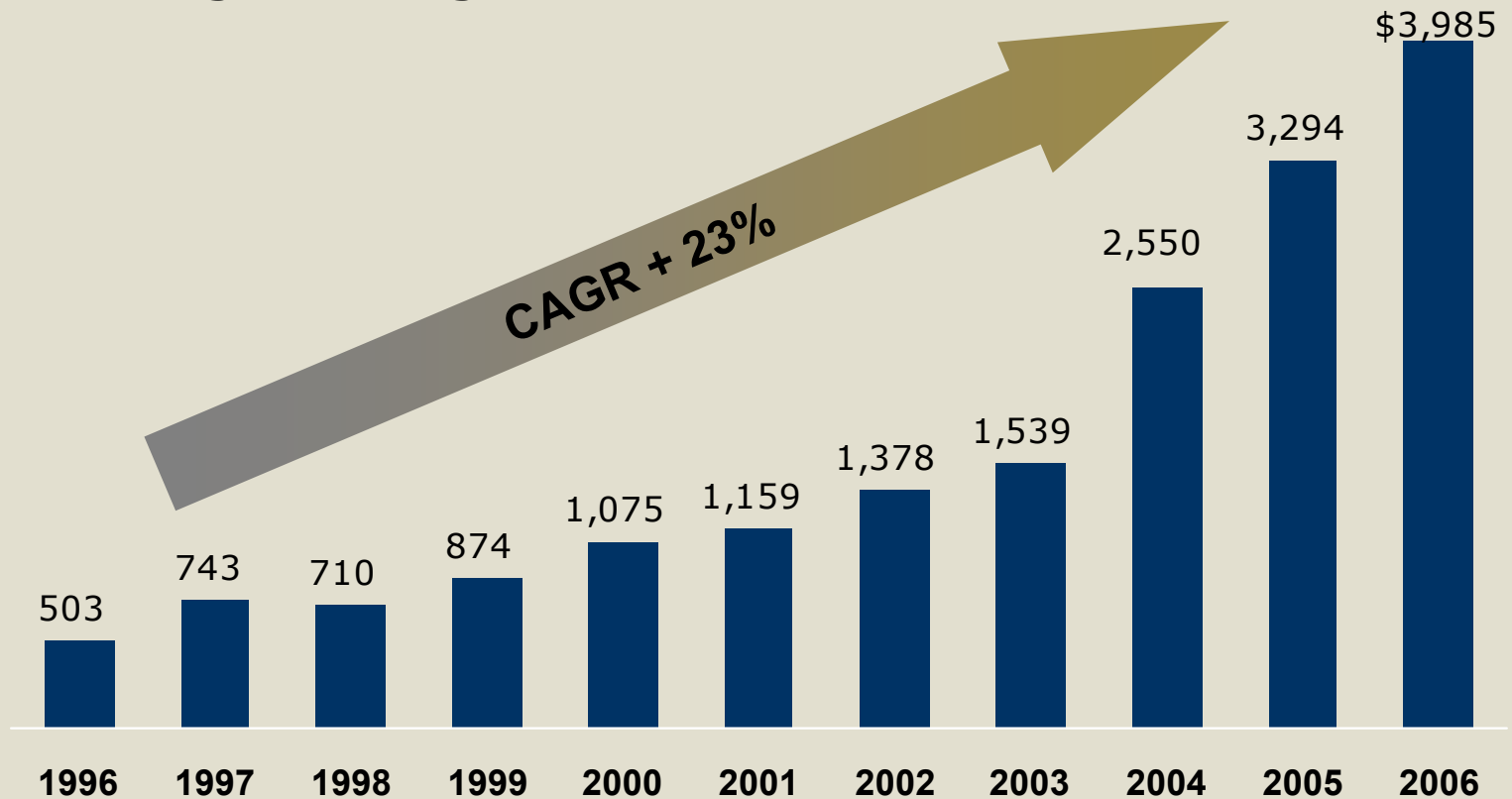
- **Premiums and deposits of \$65 billion in 2006**
  - + Record new sales
  - + Strong gains in market share



C\$ billions

# Exceptional Bottom Line Growth

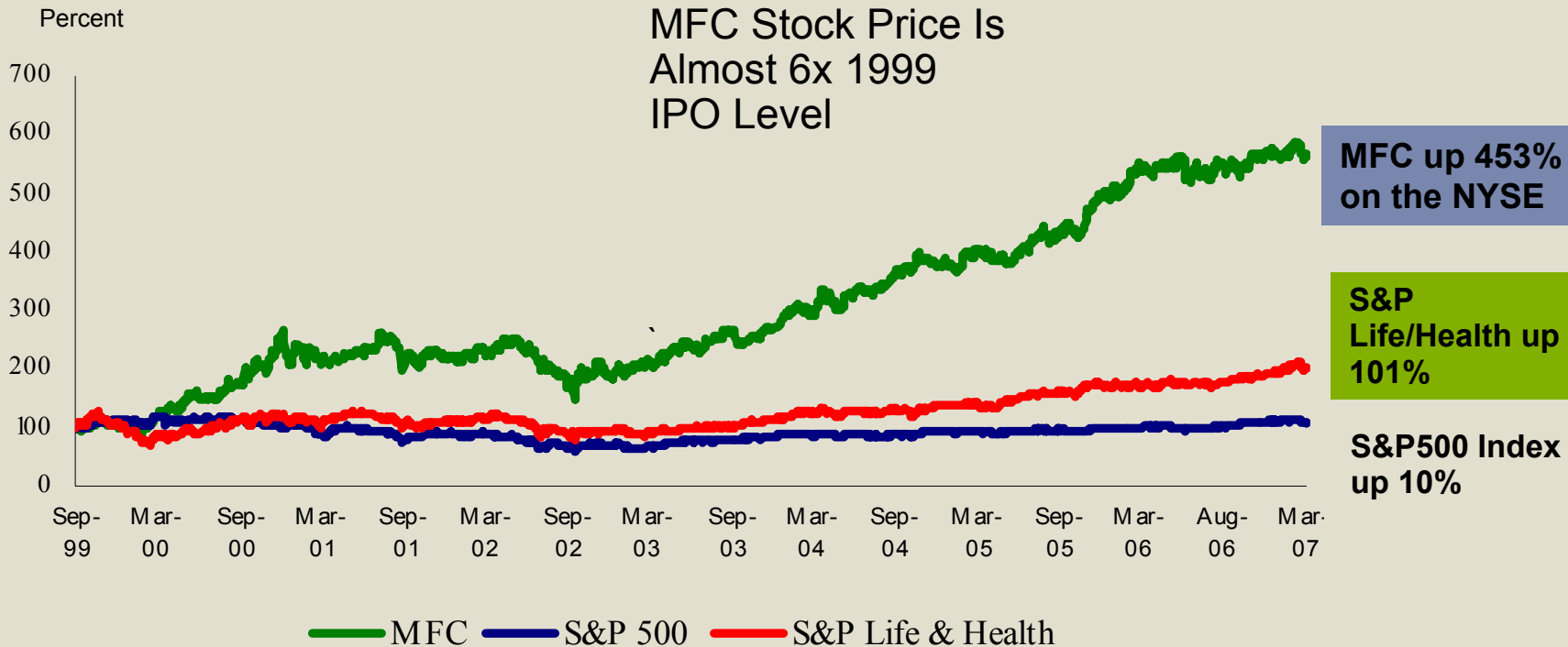
- **Shareholders' earnings of \$3,985 million in 2006**  
+ Favorable investment performance  
+ Strong in-force growth



C\$ millions

# Delivering Shareholder Value

## MFC Outperforms Broad Market and Peer Group



Source Thomson Financial as of 8 March 2007.



# Globally Diversified by Geography and Product

## Canada

- Leader in key segments
- 1 in 5 Canadians a customer

## United States

- #1 seller of 401(k)
- #1 seller of life insurance
- #3 non-proprietary variable annuity

## Asia

- Fundamental shift to broker-centric distribution model
- Japan is world's fastest growing variable annuity business
- Top 10 in Hong Kong, China, Vietnam, Philippines, Indonesia, Singapore
- 100 years in Asia

# China



- 1.3 billion population
- 25-years of double digit GDP growth
- 400 million people out of poverty in the last 25 years
- 316% average salary increase over past 10 years
- Shenzhen: fastest-growing city in history of civilization
  - 30,000 in 1976 to 12 million today

Source: The National Bureau of Statistics & CIRC website. (1 USD = 8.1 RMB).

# Manulife China



- Active in China in 1897-1946
- Re-entered in 1996
  - 51/49 joint-venture with Sinochem
  - 2<sup>nd</sup> foreign and 1<sup>st</sup> joint-venture life company
- Over 6,000 staff and agency
- Over 250,000 customers
- Operations in 17 major cities
  - 400 million people resident where we do business
- Additional licenses to come

# Manulife U.S. Organizational Structure

 **Manulife Financial**

*John Hancock.*

**John Hancock  
Insurance**

- Life Insurance
- Long Term Care

**John Hancock  
Fixed Products**

- Fixed Annuities
- Structured Settlements

**John Hancock  
Wealth Management**

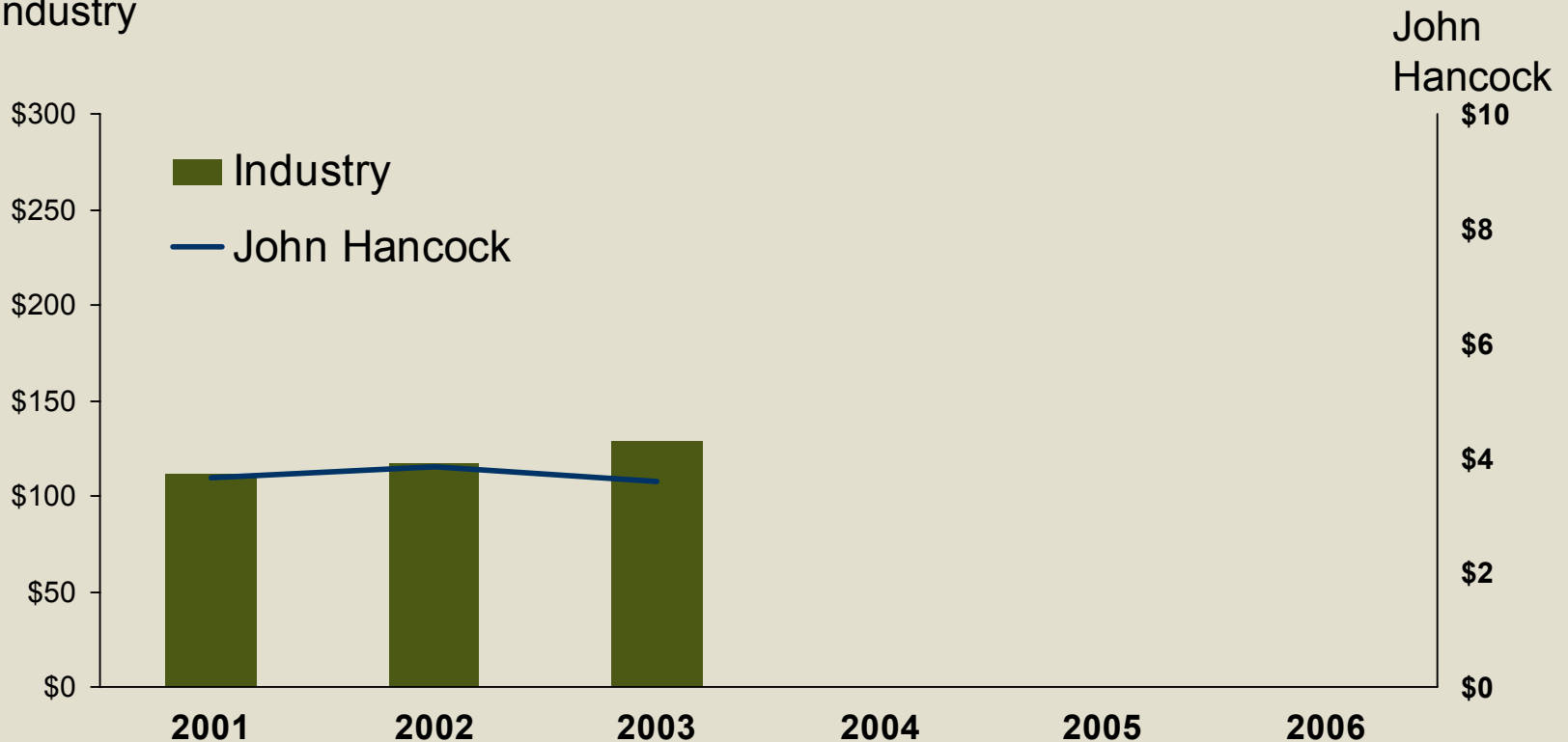
- Variable Annuities
- Mutual Funds
- 401(k)
- Investment Management

# 2001-2003

## Our Dilemma...the World Was Flat

### John Hancock vs. Industry

Industry



Source: VARDS and John Hancock USA Sales figures US \$ billions.



# What We Knew

1. We lacked brand
  - Manulife didn't have meaning to end customer
2. Sales driven by rider
  - Annuitization benefit (GMIB)
3. Burgeoning opportunity
  - Shift from accumulation to distribution
4. Insurance companies offered unique solutions
  - Income protection is paramount



# What We Did

## 1. Acquisition of John Hancock

- Strong consumer brand recognition
- Presence in bank distribution
- John Hancock Financial Network



# What We Did

2. Shifted from “Annuitization Benefit”; committed to “Withdrawal Benefit”
  - Capital requirements too high for GMIB; diminishing value for consumer
  - Declared our major – IRA Rollovers
  - Withdrawal Benefit offered simple solution
    - 2004: Guaranteed Return on Principal
    - 2005: Guaranteed Income for life at 65
    - 2007: Guaranteed Income for life at 59



# What We Did

## 3. Sales force expansion

- Annuities continue to be “sold,” not “bought”
  - 2004 - 94 wholesalers
  - 2005 - 110 wholesalers
  - 2006 - 126 wholesalers
  - 2007 - 134 wholesalers
- Retain our top wholesalers
- Develop talent from within
- Maintain our culture of professionalism
- Market share managed at the territory level



# What We Did

## 4. Channelization

- Aligned Sales, Marketing, Internal Sales to support each channel's unique needs
- Emergence of Bank Channel
- Addition of key firms in each channel

# Success in All Channels

## Financial Planners

Rank	Issuer
1	Skandia
2	Jackson
<b>3</b>	<b>John Hancock</b>
4	MetLife
5	PacLife

## Wirehouses

Rank	Issuer
1	AXA/Equitable
2	MetLife
<b>3</b>	<b>John Hancock</b>
4	Lincoln
5	Hartford

## Banks

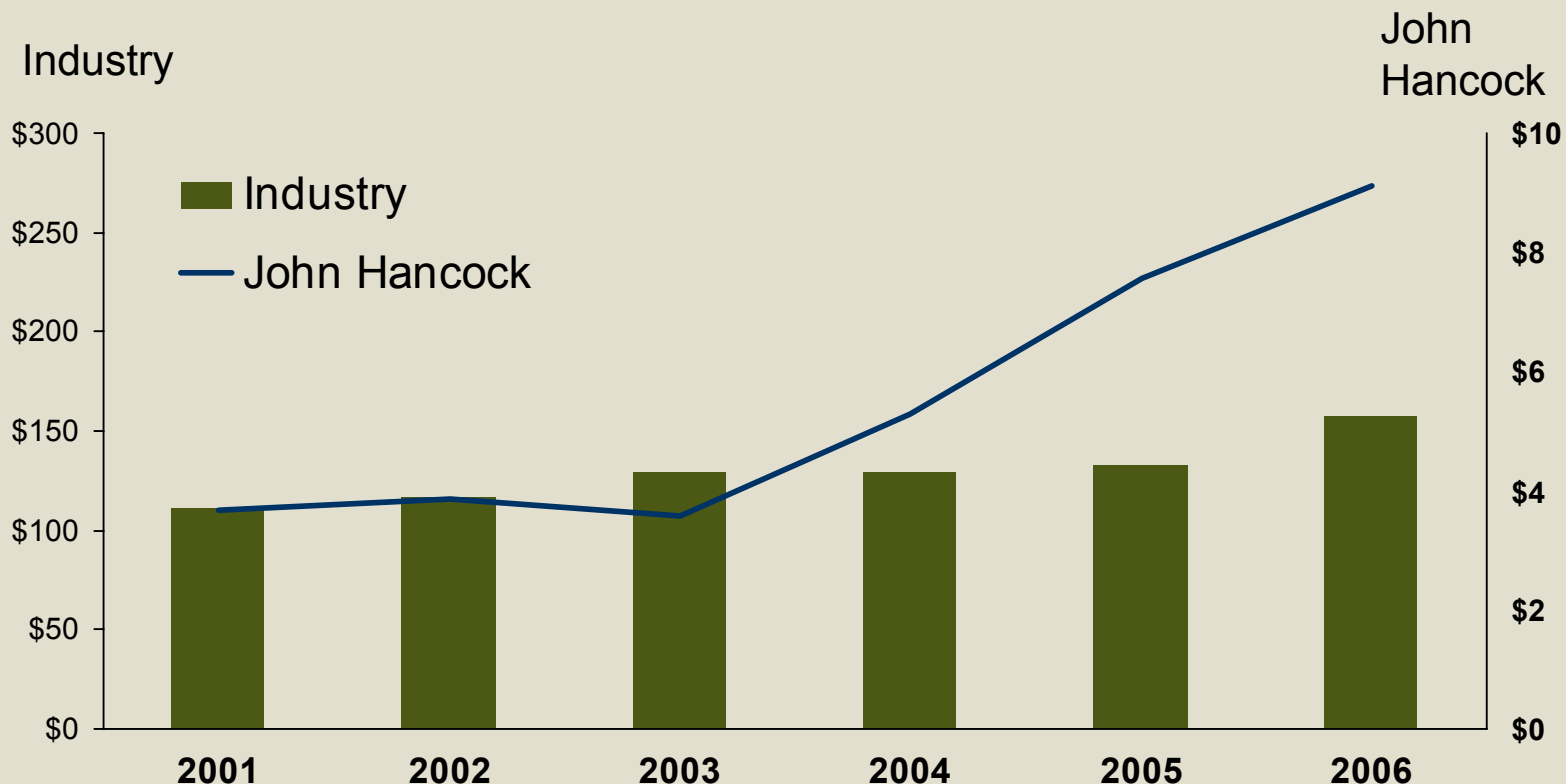
Rank	Issuer
1	Hartford
2	PacLife
3	AXA/Equitable
4	Nationwide
<b>5</b>	<b>John Hancock</b>

Source: VARDS, December 2006.

# What We Know

## Our Sales Are Up...but Industry Remains Flat

### John Hancock vs. Industry

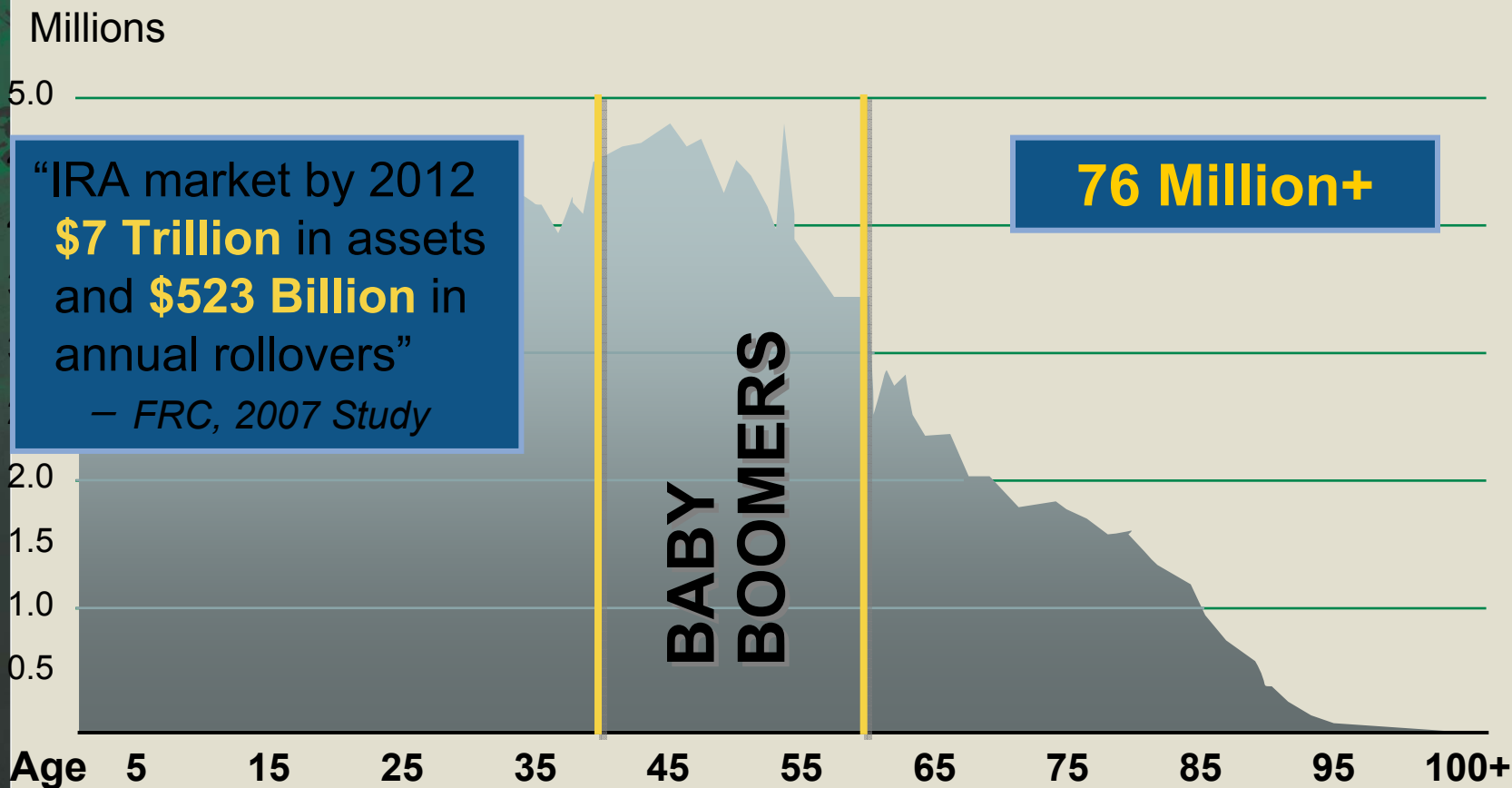


Source: VARDS and John Hancock USA Sales figures US \$ billions.

# What We Know

## Focus Continues to Be on Boomers and IRAs

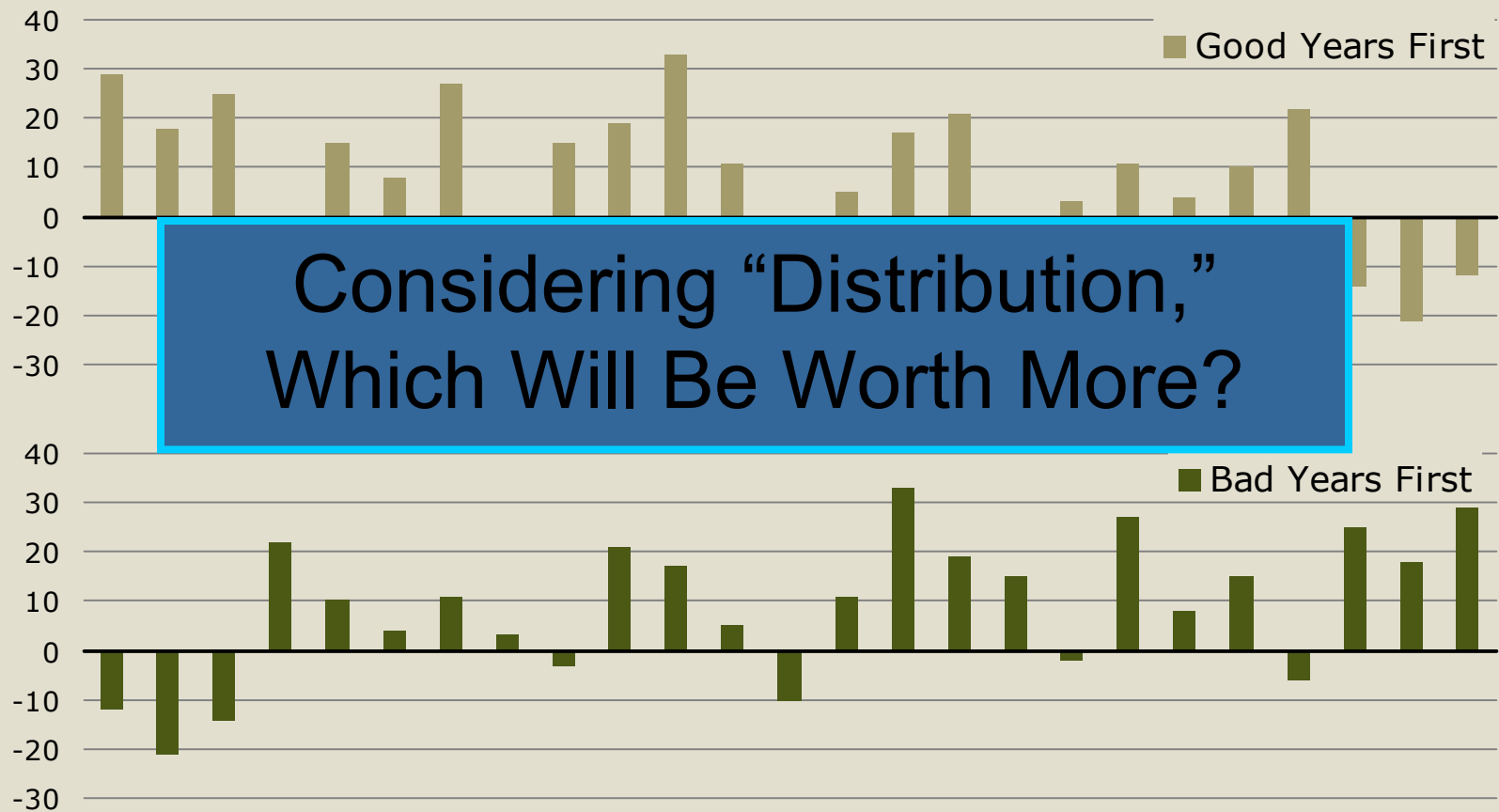
### Retirement Income/IRA Rollover Opportunities



# What We Know

## Timing Is Everything in Retirement

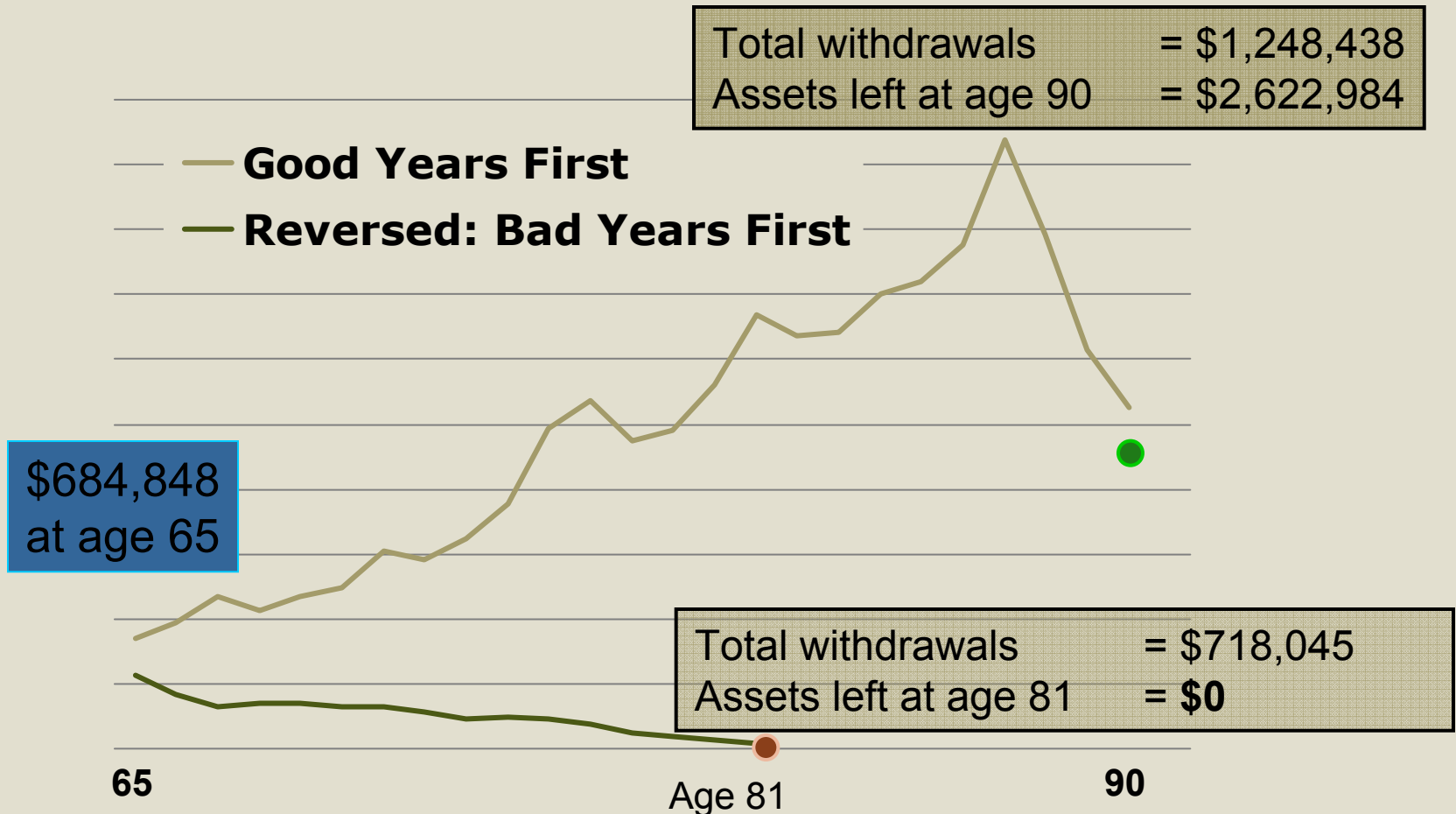
Same Average Return; Sequence of Returns Reversed



Source: Standard & Poor's

# "Distribution" Is Different... Do **Investors** Understand?

## Sequence of Returns Is Key During Distribution





AABS NATIONAL ADVISORY SERVICES  
INSURANCE AND ACTUARIAL ADVISORY SERVICES

**ERNST & YOUNG**  
*Quality In Everything We Do*

# The New Frontier of Retirement Cash Flow Management

Risks and Challenges for the Financial Services Industry

Our broad conclusion is that the financial services industry is *not* well positioned to seize emerging opportunities to serve the new retirement generation.

This paper focuses on the need for upcoming retirees — and their financial advisors and investment product providers — to deal with the issue of retirement cash flow management. Our argument is that the financial services industry has long taken a logical and

First, asset accumulation is only half the equation. Asset decumulation or draw-down is a hugely neglected frontier that impacts retired households as they experience late-life events.

■ Third, the financial services industry must look freshly at its own culture, mindset, and conventional business models.

The financial services industry must take on the imperative of developing a new paradigm — a non-linear and non-piecemeal paradigm — that better suits the current economic climate as well as the risks and uncertainties that the Baby Boomers and other future generations of retirees are likely to encounter. Products and planning that supported the old paradigm of accumulate/decumulate are increasingly inadequate and non-compelling. More complex, innovative, dynamic financial retirement solutions and planning for income, asset management, and asset protection/distribution will be in demand.

 ERNST & YOUNG  
Quality In Everything We Do

## The New Frontier of Retirement Cash Flow Management

Risks and Challenges for the Financial Services Industry

“New frontiers in very large and important industries do not come along frequently. However, when they do emerge, the consequences can be dramatic. There are typically big winners and big losers. There are shake-outs and start-ups. There are new markets to capture and money to be made.”

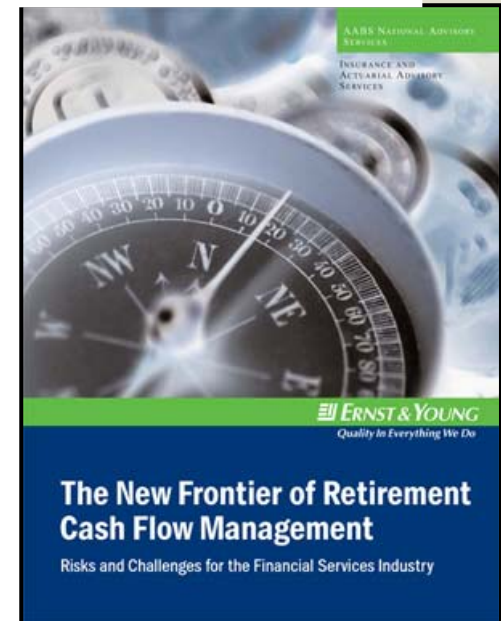
Doug French  
Managing  
Partner

incomes and standard of living are under duress due to troubled equity markets and low interest rates.

Conventional wisdom and approaches to retirement financial planning will not satisfy the needs and interests of this “new” retirement market. Today’s and tomorrow’s retirees face the real possibility of outliving their money. The financial services industry must face the challenge of providing innovative, flexible, and holistic new “solutions” to retirement financial planning — and, specifically, to retirement cash flow management.

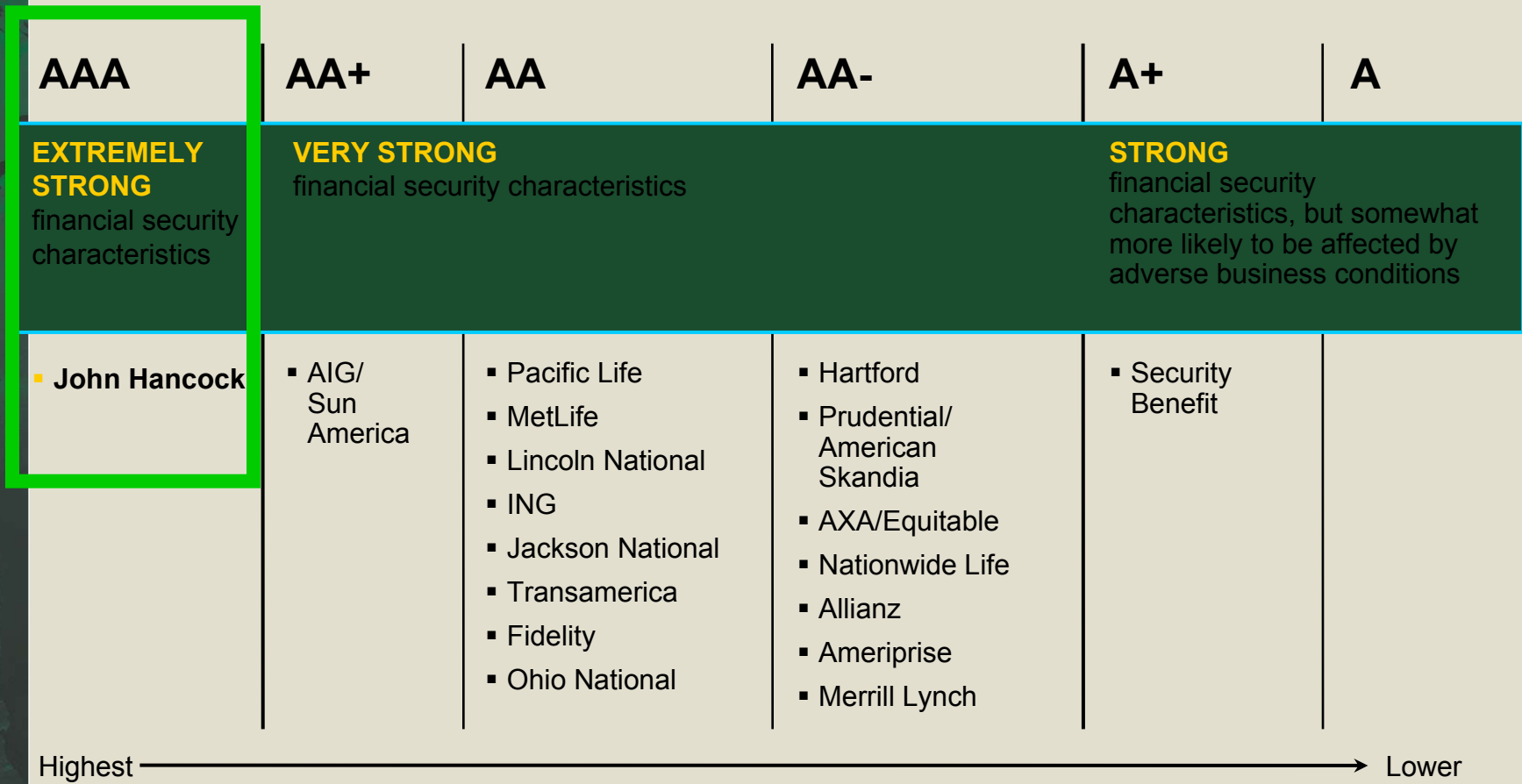
We hope this paper and other communications from Ernst & Young will be a catalyst for the financial services industry to take action, sooner rather than later; and to speed-up innovation in new financial products and retirement solutions.

Doug French  
Managing Partner  
Insurance and Actuarial Advisory Services



# What We Know – Emerging Focus on Ratings / Financial Strength

## S&P Ratings Distribution for Top VA Providers



# What We Know – Emerging Focus on Ratings / Financial Strength

## S&P Ratings Distribution for Top VA Providers

AAA

AA+

AA

AA-

A+

A

**“So, if you are a financial planner ... selling a VA with living benefits ... your due diligence process should involve asking some tough questions about corporate risk management philosophy, credit ratings, hedging and reserving strategies.”**

– Moshe Milevsky,  
Executive Director  
Individual Finance and Insurance Decisions Centre  
*Research* (January, 2007)

▪ Fidelity  
▪ Ohio National

▪ Ameriprise  
▪ Merrill Lynch

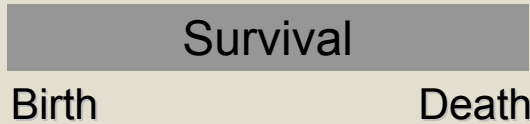
Highest

Lower

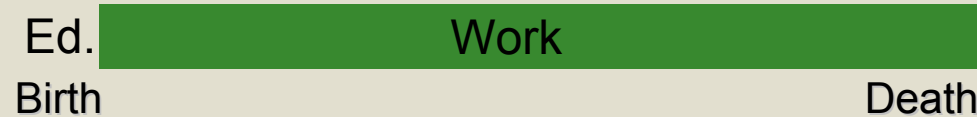
# What We Know

## Longevity Still Not Properly Planned for

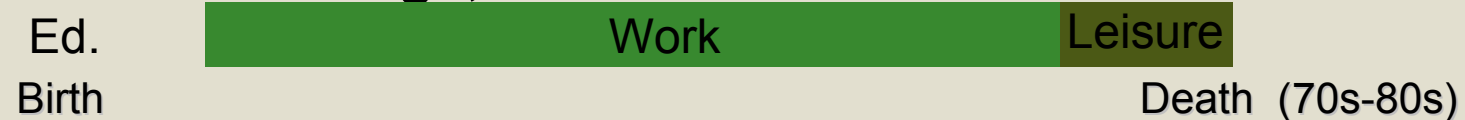
### Historically



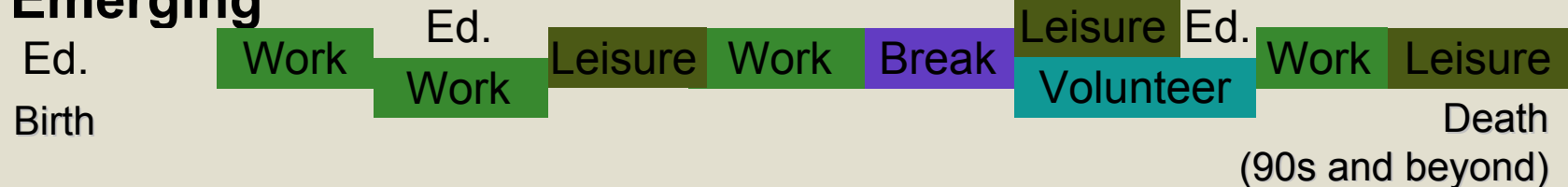
### 1700s / 1800s



### The Golden Age, Post-1935



### Emerging





# What We Think We Know

- Sales continue to be driven by rider features
- Advisors' focus has shifted away from investment story
- "Innovation" currently coming from changes to features
  - More cost, features, complexity
- Advisors want what annuities offer but don't want to sell annuities
  - Alliance Bernstein study



# What We Think We Know

## John Hancock: 2007 and Beyond

- Keep the story simple
- Offer industry-leading diversified investment platform
- Focus on our core market, not the fringes
  - 50-70 year olds
  - Qualified money
  - “Income Later” strategy
- Address biggest concerns
  - Inflation
  - Health care costs



# Question and Answer Session