



Financial Highlights*

Second Quarter Highlights

- Reported shareholders' net income of \$490 million and EPS of \$0.26.
- We delivered \$929 million of net income attributed to shareholders excluding the direct impact of equity markets and interest rates¹.
- Sales¹ of wealth and insurance products targeted for growth increased 27 per cent and 28 per cent compared to second quarter 2010.
- We expanded and diversified our distribution channels in Asia through strong agency growth and new bank distribution agreements.
- Generated record mutual funds sales in Canada.
- Delivered a 50 per cent increase in U.S. mutual fund deposits over the second quarter 2010.
- Achieved a record \$481 billion in funds under management¹.
- Our hedging program dampened the impact of lower equity markets and interest rates on net income in the second quarter. It also reduces the effect of the highly volatile financial markets in the third quarter to-date.
- We reduced to \$1.2 billion the estimated sensitivity of shareholders' net income for a 100 bps parallel decline in interest rates before any Available For Sale bond offsets.
- With MLI's MCCR ratio at 241 per cent capital¹ levels remained strong.

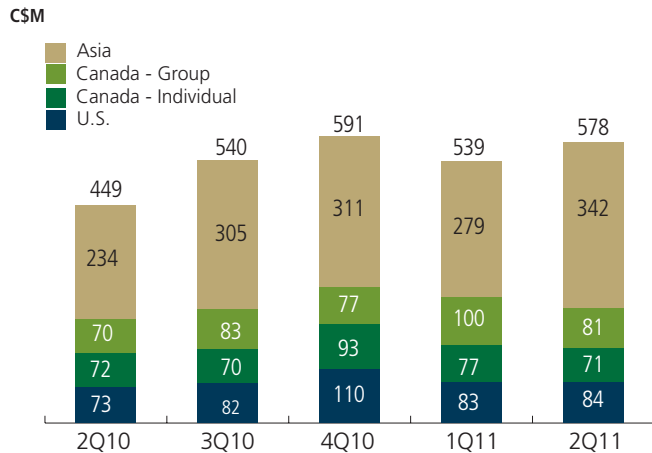
¹ See press release announcing our 2011 second quarter results for additional information.
² Non-GAAP measure.

Notable Items (\$M after-tax)

- (69) Direct impact of equity markets and interest rate movements in the quarter¹
- (370) Annual update of fixed income ultimate reinvestment rate ("URR")² assumptions
- (52) Charges on variable annuity guarantee liabilities that are dynamically hedged
- (104) Expected cost of macro equity hedges
- 123 Favourable impact on policy liabilities related to activities to reduce interest rate exposures
- 217 Investment gains primarily related to fixed income trading, market value increases on non-fixed income investments and asset mix changes

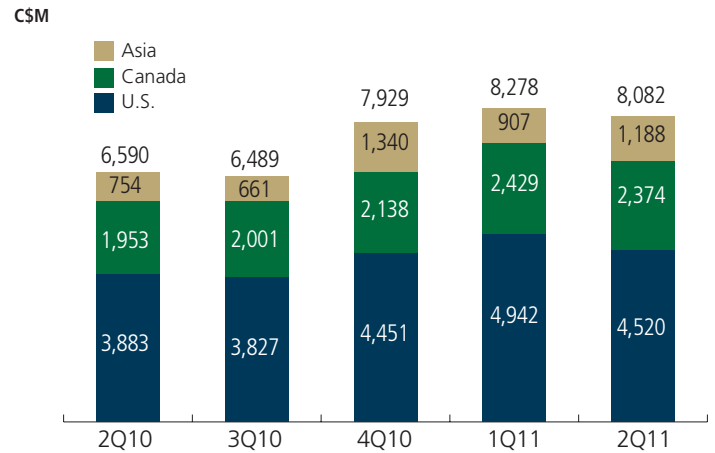
¹ The direct impact of interest rates and equity markets is based upon movements in markets up or down relative to our base long-term assumptions.
² Included as a direct impact of equity markets and interest rates.

Insurance Sales (targeted growth products)



- 2Q11 targeted insurance sales¹ were \$578 million, up 28%² versus 2Q10:
 - Asia insurance sales up 42%, driven by 67% increase in Japan
 - Canada Insurance sales up 7%, driven by growth in Group Benefits and Affinity sales
 - U.S. Life sales were up 21%; targeted growth products now represent 86% of total sales

Wealth Sales (targeted growth products)



- 2Q11 sales¹ of targeted wealth products were \$8.1 billion, up 27%² versus 2Q10:
 - Growth across all three geographic divisions, including strong wealth sales in Asia
 - Mutual funds sales more than doubled in Canada and were up 50% in the U.S.

¹ Non-GAAP measure.
² All sales growth figures stated on a constant currency basis.

Targeted growth products in Insurance exclude Universal Life with No-Lapse Guarantees, Guaranteed Non-Par Whole Life and Long-Term Care insurance in the United States. *Targeted growth products* in Wealth Management exclude Variable Annuities across all geographies and Book Value Deferred Annuities in the United States.

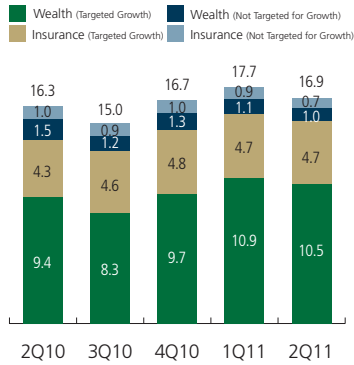
Key Financial Statistics	2Q11	Quarter Highlights	2Q11	2Q10	Source of Earnings (C\$M)	2Q11	1Q11
Market Capitalization (in millions)	\$30,539	Shareholders' Earnings	\$490	(\$2,434)	Expected Profit on In-Force	\$842	\$828
Common Shares Outstanding (in millions)	1,788	Basic earnings (loss) per Common Share	\$0.26	(\$1.39)	Impact of New Business	(95)	(83)
Common Share Price - Toronto	\$17.08	ROE ¹ (% annualized)	8.2%	(39.6%)	Experience Gains (Losses)	204	789
Book Value per common share	\$12.98	Insurance Sales ¹ (targeted growth)	\$578	\$449	Mgmt Actions & Changes in Assumptions	(576)	(340)
Market Value to Book Value Ratio	1.32	Wealth Sales ¹ (targeted growth)	\$8082	\$6,590	Earnings on Surplus Funds	158	122
Book Value excl. goodwill per common share	\$10.77	Insurance Sales ¹ (not targeted for growth)	\$45	\$148	Other	(6)	(24)
Market Value to Book Value excl. goodwill Ratio	1.59	Wealth Sales ¹ (not targeted for growth)	\$1,039	\$1,525	Income Before Taxes	527	1,292
					Income Taxes	(37)	(307)
					Shareholders' Net Income	\$490	\$985

¹ Non-GAAP measure.

Operational Highlights

Premiums and Deposits (P&D)

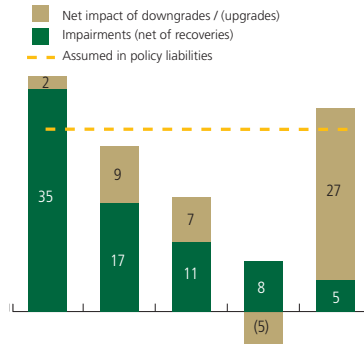
C\$B



- Targeted growth products now represent 90% of total company in-force P&D¹
- Total Company P&D of \$16.9 billion, were up 8%² vs. 2Q10
 - Targeted wealth products P&D up 16%, driven by strong mutual fund deposit growth in North America and China
 - Targeted insurance products P&D up 10% over 2Q10, due to growth in JH Life and broad based growth in Asia
 - P&D for wealth and insurance products not targeted for growth down 30% and 23%, respectively

Credit Impairments & Downgrades/(Upgrades)¹

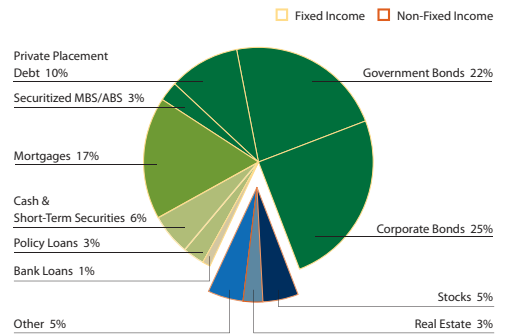
C\$M (post-tax)



- Credit experience reflective of investment discipline
- Net charge for credit impairments and downgrades of \$32 million, was in-line with the \$28 million assumed in policy liabilities

Total Invested Assets

C\$202.3B



- Limited Net Exposure¹ to:
 - Greece, Italy, Ireland, Portugal and Spain:
 - No sovereign or financial sector exposure to Greece or Portugal
 - Banks and financials (C\$151 million)
 - Sovereign debt (C\$80 million)

¹ Non-GAAP measure.

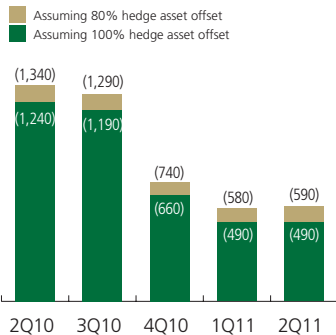
² All P&D growth (decline) figures stated on a constant currency basis.

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

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

Equity Market Sensitivity¹

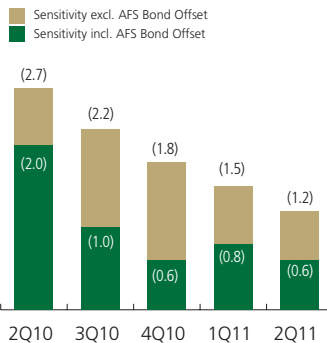
C\$M



- Estimated impact of 10% equity market decline is between \$(490) to \$(590) million to earnings and (5) pts to MCCR
- Continued progress in reducing sensitivity
 - Short sold approximately \$125 million of TOPIX futures contracts under macro hedging and unwound \$100 million of TSX futures as exposure declined
 - \$72 million of guaranteed value added to dynamic hedging program
- 60% - 66% of underlying earnings sensitivity to equity market changes now hedged, ahead of our year end goal for 2012

Interest Rate Sensitivity¹

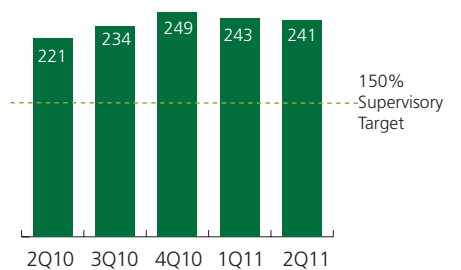
C\$B



- Estimated impact of 1% parallel decline in interest rates excluding AFS bond offset is \$(1.2) billion to earnings and (19) points to MCCR
- Estimated impact of 1% parallel decline in interest rates including AFS bond offset is \$(600) million to earnings
- Continue to be ahead of original 2012 goal for reducing interest rate sensitivity and close to our goal of reducing sensitivity to \$1.1 billion by year end 2014

Current Regulatory Capital Position (MLI)

Minimum Continuing Capital and Surplus Requirements Ratio (%)



- Strong 2Q11 MCCR ratio of 241%
- Sale of Life Retrocession business expected to contribute 6 points to MCCR ratio in 3Q11

¹ Earnings sensitivity to equity markets is defined as the impact of a 10% decline in the market value of equity funds on the net income attributed to shareholders. Earnings sensitivity to interest rates is defined as the impact of a 1% parallel decline in interest rates on the net income attributed to shareholders.

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