

Second Quarter 2011 Financial & Operating Results



August 11, 2011



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. The forward-looking statements in this document include, but are not limited to, statements with respect to management objectives with respect to hedging equity markets and interest rate risks, the sale of our Life Retrocession business to Pacific Life Insurance Company and the impact of that transaction on the MCCR ratio of The Manufacturers Life Insurance Company and the annual review of our actuarial methods and assumptions. 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", "suspect", "outlook", "expect", "intend", "estimate", "anticipate", "believe", "plan", "forecast", "objective", "goal", "seek", "aim", "continue", "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 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; our ability to source appropriate non-fixed income assets to back our long dated liabilities; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; 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 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 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.

Donald Guloien
President & Chief Executive Officer



Priorities:

2Q11 Highlights:

Drive profitable growth	<ul style="list-style-type: none"> We delivered \$929 million of net income attributable to shareholders excluding the direct impact of equity market and interest rates¹ Sales¹ of wealth and insurance products targeted for growth up 27% and 28% We expanded and diversified our distribution channels in Asia
Improve ROE	<ul style="list-style-type: none"> Generated record mutual fund sales¹ in Canada Delivered 50% increase in U.S. mutual funds deposits¹ Achieved a record \$481 billion in funds under management¹
Manage risk	<ul style="list-style-type: none"> Our hedging program dampened the impact of lower equity markets and interest rates We reduced to \$1.2 billion the estimated sensitivity of shareholders' net income for a 100 bps parallel decline in interest rates; \$600 million including AFS bond offset At 90% of our 2014 goal to reduce interest rate sensitivity to \$1.1 billion by end of 2014
Maintain strong capital/ Financial strength	<ul style="list-style-type: none"> With MLI's MCCR ratio at 241% capital levels remained strong Further reduced capital sensitivity to changes in interest rates
Continue to offer a quality value proposition to clients	<ul style="list-style-type: none"> 27 new product & service enhancements around the globe Launched offshore Renminbi bond fund in Asia, Synergy introduced in Canada and Income Plus for Life with auto portfolio re-balancing feature added in the U.S.

¹ Non-GAAP measure. See "Notes to Users - Performance and Non-GAAP Measures" below

Michael Bell

Senior Executive Vice President & Chief Financial Officer



- Ahead of original timeline for interest rate and equity market risk reduction
- Quarterly net income of \$490 million, equating to fully diluted earnings per share (excluding convertible instruments)¹ of \$0.26 despite falling equity markets and lower interest rates
- Strong capital levels with MLI MCCR ratio of 241%, which represents a substantial cushion given reduced equity market and interest rate sensitivity
- Actions to lengthen the duration of assets backing actuarial liabilities resulted in a \$123 million gain
- Additional investment-related gains contributed \$217 million to earnings
- Strengthened reserves by \$370 million after-tax to reflect impact of lower interest rates on the fixed income ultimate reinvestment rate ("URR") assumptions
- Sale of our Life Retrocession business expected to release capital in 3Q11

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

Amount (C\$ millions)	Description
(69)	Direct impact of equity markets and interest rate movements in the quarter¹ Reflects a net gain of \$79 million from interest rates and net loss of \$148 million from equity markets
(370)	Annual update of fixed income ultimate reinvestment rate ("URR") assumptions Reflects change in rates used in the valuation of policy liabilities to June 30, 2011 interest rate environment
(52)	Charges on variable annuity guarantee liabilities that are dynamically hedged Reflects hedge asset gains not completely offsetting strengthening of policyholder liabilities
(104)	Expected cost of macro equity hedges Based on long-term total return assumptions and notional future value of \$5.4 billion at quarter-end
123	Impact on policy liabilities related to activities to reduce interest rate exposures Reflects lower risk margins required in policy liabilities due to improved matching of cash flows
217	Additional investment-related gains Primarily fixed income trading activity, 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.

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Source of Earnings¹

(C\$ millions)

	1Q11	2Q11
Expected Profit on In-Force	828	842
Impact of New Business	(83)	(95)
Experience Gains (Losses)	789	204
Mgmt Actions & Chgs in Assumptions	(340)	(576)
Earnings on Surplus Funds	122	158
Other	(24)	(6)
Income Before Taxes	1,292	527
Income Taxes	(307)	(37)
Shareholders' Net Income	985	490
<i>Currency Adjusted Expected Profit on In-force</i>	<i>828</i>	<i>855</i>

- **Expected profit on in-force** increased primarily due to fee income from higher AUM on wealth management products
- **Experience gains** primarily reflect the impact of investment gains, partially offset by the net impact of falling equity markets and lower interest rates and a \$25 million charge for unclaimed property in JH Life
- **Management actions & changes in assumptions** include impact of change in fixed income ultimate reinvestment rate assumptions and charges related to the expected cost of macro hedging program, partially offset by realized AFS bond gains
- **Earnings on Surplus** increased due to normal volatility related to hedge accounting and gains on alternative assets

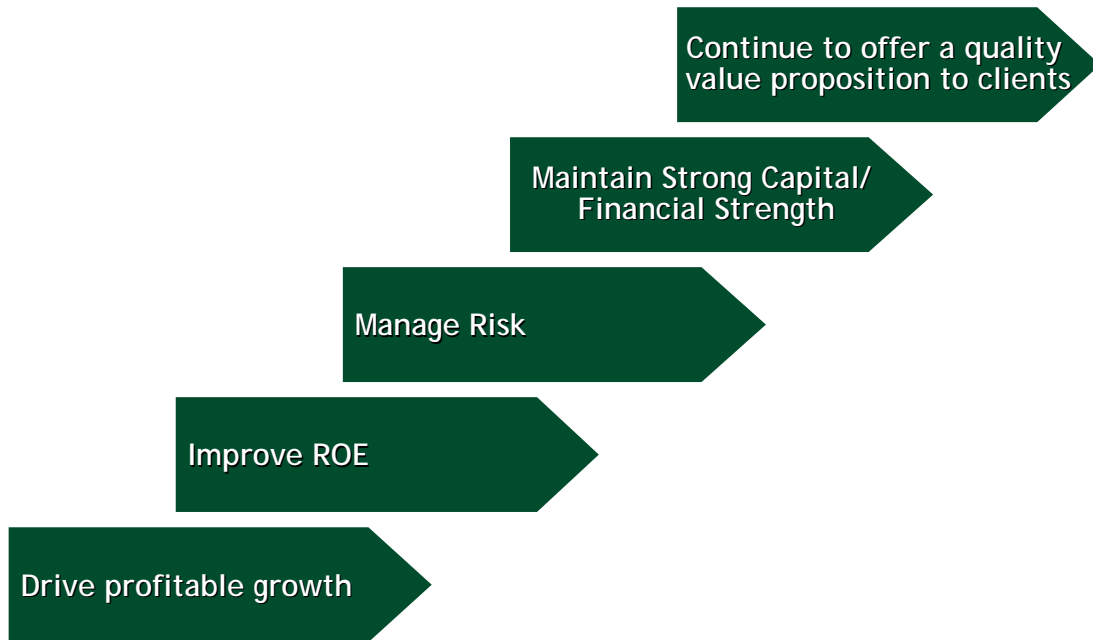
¹ The Source of Earnings (SOE) analysis is prepared following OSFI regulatory guidelines and draft guidelines of the Canadian Institute of Actuaries. The SOE is used to identify the primary sources of gains or losses in each reporting period. Per OSFI instructions, SOE amounts denominated in foreign 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)

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Substantial Progress in 2Q11 Towards Long Term Strategic Priorities

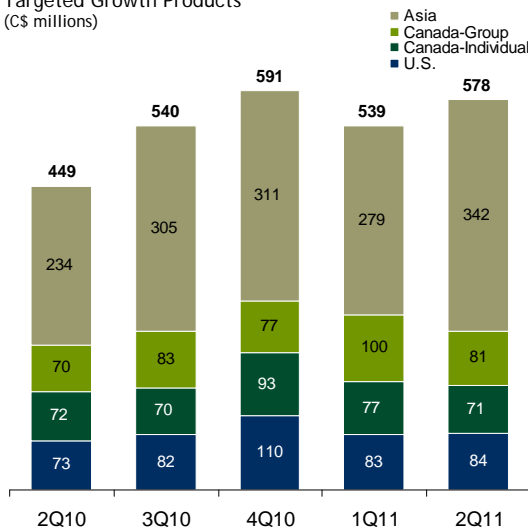


Drive Profitable Growth

Strong Continued Growth in Targeted Insurance Products

Insurance Sales¹

Targeted Growth Products
(C\$ millions)



2Q11 sales of targeted insurance products were \$578 million, up 28%² versus 2Q10:

- + Strong growth across all 3 geographic divisions
- + Asia Insurance sales up 42%, driven by 67% increase in Japan in advance of price increases
- + Canada Insurance sales up 7%, primarily driven by growth in Group Benefits and Affinity sales
- + John Hancock Life sales up 21%; targeted growth products now represent 86% of total life insurance sales

2Q11 total insurance products sales of \$623 million, up 4% versus 2Q10:

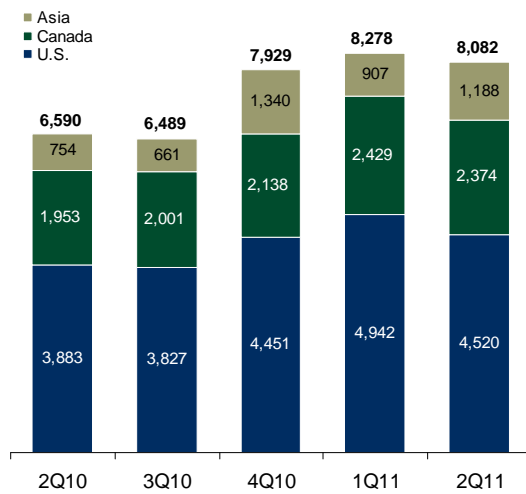
- Successful shift in product mix towards strong growth of targeted products
- 68% decline in insurance products not targeted for growth

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.

Wealth Sales¹

Targeted Growth Products
(C\$ millions)



2Q11 sales of targeted wealth products were \$8.1 billion, up 27%² versus 2Q10:

- + Strong growth across all 3 geographic divisions
- + Asia wealth sales up 59%, driven by 145% increase in Manulife-TEDA and 45% increase in Hong Kong
- + Mutual fund sales more than doubled in Canada and were up 50% in the U.S.
- + Manulife Bank loan volumes increased 10%
- Lower group retirement sales in U.S. but record proposal activity leading into the second half

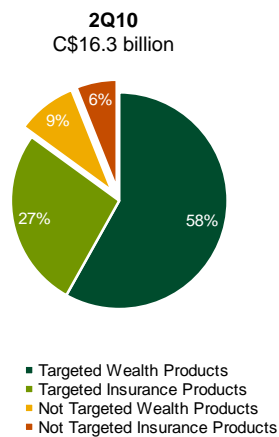
2Q11 total wealth management products sales of \$9.1 billion, up 16% versus 2Q10:

- Successful shift in product mix towards strong growth of targeted products
- 30% decline in wealth management products not targeted for growth

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.

Premiums & Deposits¹



Targeted growth products now represent 90% of total company in-force Premiums and Deposits

- + Up 5 points from 85% in the prior year

Total Company Premiums and Deposits 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 growth in Manulife-TEDA
- + Targeted Insurance Products P&D up 10%, due to growth in JH Life and broad based growth in Asia
- + P&D for Not Targeted for Growth Wealth and Insurance Products P&D down 30% and 23%, respectively

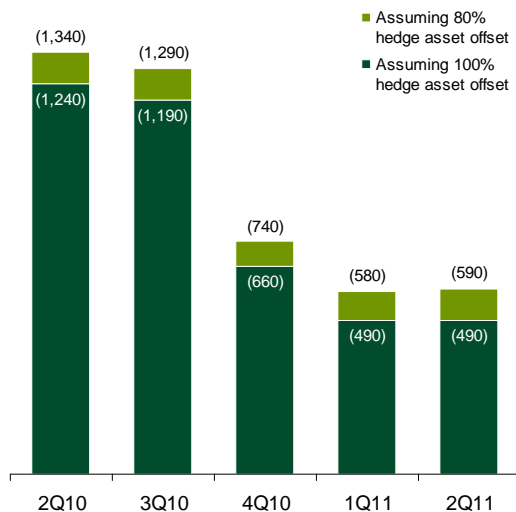
¹ Non-GAAP measure. See "Note to Users – Performance and Non-GAAP Measures" below.

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

Maintained Sensitivity Levels at 2012 Target for Equity Risk Reduction

Equity Market Sensitivity¹

(C\$ millions)



Estimated impact of 10% equity market decline:

- Range of \$(490) to \$(590) million to earnings vs. \$(490) to \$(580) million in 1Q11
- (5) pts to MCCR vs. (5) pts in 1Q11

Continued progress in managing sensitivity exposures:

- Short sold approximately \$125 million of TOPIX futures contracts under our macro hedging program and unwound \$100 million of TSX futures as our exposure declined
- Additional \$72 million of guaranteed value added to dynamic hedging program
- Subsequent to quarter end, we executed an additional \$150 million notional value of TOPIX futures contracts

60% - 66% of underlying earnings sensitivity to equity market changes now hedged

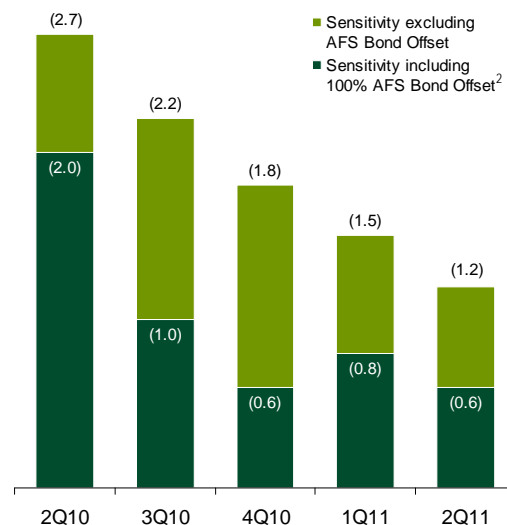
- Ahead of goal to hedge 60% by end of 2012
- Goal of hedging 75% by end of 2014

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.

Further Reduced Interest Rate Sensitivities

Interest Rate Sensitivity¹

(C\$ billions)



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

- \$(1.2) billion to earnings vs. \$(1.5) billion in 1Q11
- (19) pts to MCCR vs. (21) pts in 1Q11

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

- \$(600) million to earnings vs. \$(800) million in 1Q11

Further de-risking activities taken in 2Q11:

- Executed forward starting interest rate swaps and purchased longer duration bonds

Continue to be ahead of original 2012 goal for reducing interest rate sensitivity

- At 90% of our 2014 goal to reduce interest rate sensitivity to \$1.1 billion by end of 2014

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.

² See page 34 of the MD&A section of the second quarter 2011 press release

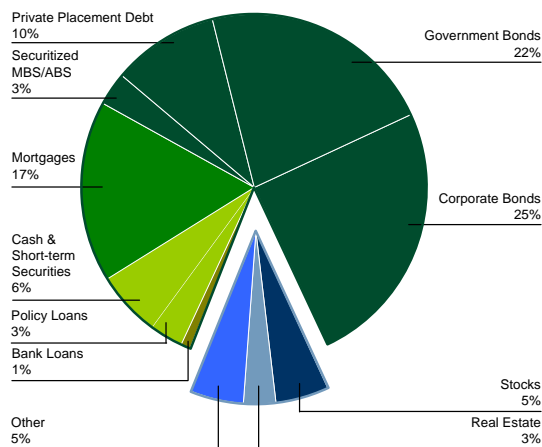
De-risking Activities Contributed to Positive Interest Rate Impact in 2Q11

- De-risking activities in 2Q11
 - Executed \$1.4 billion in forward starting interest rate swaps and purchased longer duration bonds
- Spreads improved
 - Corporate bond spreads widened in 2Q11 in our investible universe which increased earnings
 - Swap spreads in U.S. and Canada tightened further, resulting in additional gains
- Realized gains on AFS bonds
 - We sold AFS bonds held in surplus to realize a \$107 million gain
 - Benefited from timing of trade as rates rose in last week of the quarter

Diversified High Quality Asset Mix Avoids Risk Concentrations

Total Invested Assets

(C\$202.3 billion) ■ Fixed Income ■ Non-Fixed Income



Diversified, high quality portfolio:

- 87% of the total portfolio is Fixed Income, of which 96% is Investment Grade
- 13% 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 Exposure¹ to:

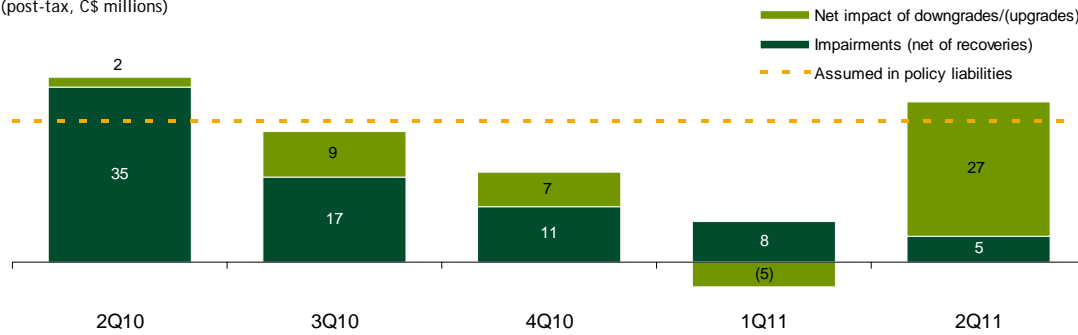
- Greece, Italy, Ireland, Portugal, and Spain:
 - No sovereign or financial sector exposure to Greece or Portugal
 - Banks and financials (C\$151 million)
 - Sovereign debt (C\$80 million)

Carrying Value as at June 30, 2011.

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

Credit Experience In-line with Long-Term Expectations

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

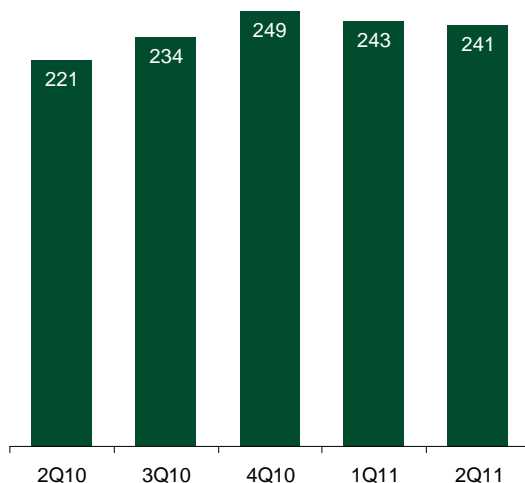


¹ On Non-Par holdings only and excludes the long-term expected amount assumed in the valuation of policy liabilities of approximately \$28 million after-tax.

Impact on 2Q11 Net Income (C\$ millions):	Pre-tax	Post-tax
Credit impairments (net of recoveries)	\$8	\$5
Credit downgrades/(upgrades)	41	27
Total Impact	\$49	\$32

Strong Capital Position

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



Strong 2Q11 MCCR ratio at 241%

- + New 2Q11 third party re-insurance agreement covering Canadian Individual Life: +6 pts
- Phase-in of previously disclosed impact of IFRS and related party reinsurance agreements: (4) pts
- \$220 million senior debt maturity: (2) pts

Sale of Life Retrocession business expected to contribute 6 points to MCCR ratio in 3Q11

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

- 27 key new product & service enhancements around the globe, including:
 - Launch of a Renminbi Bond Fund in Asia
 - Synergy, a combo life, disability and critical illness product launched in Canada
 - Portfolio auto re-balancing feature added to Income Plus for Life in the U.S.
- Awards
 - Manulife Singapore topped the Financial Services sector and exceeded the national average for all industries surveyed in the 2010 Customer Satisfaction Index of Singapore
 - In Hong Kong, Manulife Asset Management received two prestigious awards in Asia for its U.S. fixed income and equity capabilities.
 - In Indonesia, Manulife won The Best Insurance Company of the Year award at the ASEAN Business Awards 2011.

- Status of LTC in-force price increases
- Annual update to fixed income ultimate reinvestment rate (“URR”) assumptions
- Potential impact of annual basis changes in 3Q11
- Financial market performance since June 30, 2011

- Continue to grow targeted businesses while reducing risk profile
- Achieved record funds under management
- Remain ahead of timeline for interest rate and equity market risk reduction
- Reduced risk profile mitigated the impact of 2Q11 market movements
- Strong capital levels represent substantial cushion
- Annual update of fixed income ultimate reinvestment rate assumptions, mostly offset by 2Q11 investment gains
- We delivered \$929 million of net income attributable to shareholders excluding the direct impact of equity market and interest rates¹
- Expect to complete annual basis changes in the third quarter
- Sale of our Life Retrocession business expected to result in an after tax gain of \$275 million gain and to contribute 6 points to MLI's MCCR ratio in 3Q11

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

Question & Answer Session



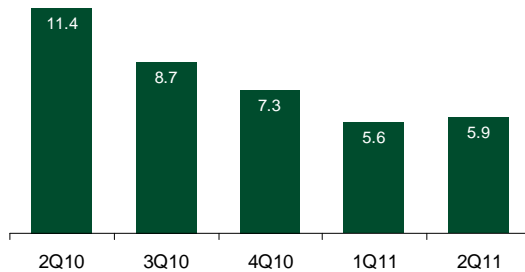
Appendix

- Additional Risk Disclosures



Variable Annuity Product Guarantees

Net Exposure Amount at Risk¹ (See below)
(C\$ billions)



Net exposure amount at risk increased due to net equity market declines in 2Q11

Added \$72 million of in-force variable annuity guarantee value to dynamic VA hedging program

(C\$ billions)	Guarantee Value		Amount at Risk (in-the-money guarantees)	
	1Q11	2Q11	1Q11	2Q11
Gross Exposure	108.1	107.5	11.4	12.0
Reinsured	11.4	10.9	2.3	2.3
Dynamically Hedged	57.2	57.4	3.5	3.8
Net Exposure ¹	39.5	39.2	5.6	5.9

Dynamically hedging or reinsuring¹ 64% of Gross Guarantee Value at 2Q11

- Over 75% of Gross Guarantee Value dynamically hedged or reinsured in Canada and U.S.
- New VA business sold dynamically hedged

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

Potential impact on annual net income attributed to Shareholders arising from changes in public equity returns¹

As at June 30, 2011						
(C\$ millions)	-30%	-20%	-10%	+10%	+20%	+30%
Variable annuity guarantees	\$(4,650)	\$(2,840)	\$(1,260)	\$1,000	\$1,810	\$2,350
Asset based fees	(270)	(180)	(100)	90	180	270
General fund equity investments	(310)	(210)	(100)	100	220	320
Total underlying sensitivity	\$(5,230)	\$(3,230)	\$(1,460)	\$1,190	\$2,210	\$2,940
Impact of Hedging Programs:						
Impact of macro hedge assets	\$1,360	\$910	\$450	\$(450)	\$(910)	\$(1,360)
Impact of dynamic hedge assets (100% hedge offset)	2,100	1,250	520	(360)	(600)	(790)
Assumed partial hedge asset offset	(630)	(320)	(100)	(70)	(160)	(230)
Net impact of hedging programs	\$2,830	\$1,840	\$870	\$(880)	\$(1,670)	\$(2,380)
Net income impact	\$(2,400)	\$(1,390)	\$(590)	\$310	\$540	\$560
Underlying sensitivity hedged (full hedge offset)	66%	67%	66%	68%	68%	73%
Underlying sensitivity hedged (partial hedge offset)	54%	57%	60%	74%	76%	81%
Potential impact on MLI's MCCR ratio	(23) pts	(13) pts	(5) pts	+8 pts	+14 pts	+21 pts

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

Exposure	Index	Notional Value (C\$ billions)		Approximate Long-Term Annual Return Assumption
		2Q11	1Q11	
U.S. Equities	S&P 500	\$(3.3)	\$(3.3)	~10%
Canadian Equities	S&P/TSX	(0.3)	(0.5)	~9%
Japanese Equities	TOPIX	(0.4)	(0.3)	~6%
Europe & Other Equities	Various	(1.4)	(1.4)	~9%
Total		\$(5.4)	\$(5.5)	

Subsequent to June 30, 2011, we executed an additional \$150 million notional value of TOPIX futures contracts

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

Potential Impact of an immediate parallel change in "all rates" on: (C\$ millions)	2Q11		1Q11	
	-100 bps	+100 bps	-100 bps	+100 bps
General fund products	\$(900)	\$800	\$(1,200)	\$1,000
Variable annuity guarantees	(300)	200	(300)	200
Total impact excluding AFS bonds held in surplus segment	\$(1,200)	\$1,000	\$(1,500)	\$1,200
Impact on AFS bonds held in surplus segment ⁽¹⁾	600	(600)	700	(600)
Total impact including AFS bonds held in surplus segment	\$(600)	\$400	\$(800)	\$600

MCCSR Impact:

- Excluding AFS bonds held in surplus segment	(19) pts	+16 pts	(21) Pts	+17 pts
- Including AFS bonds held in surplus segment	(15) pts	+12 pts	(16) Pts	+12 pts

Potential Impact of a parallel change in corporate bond spreads: (C\$ millions)	2Q11		1Q11	
	-50 bps	+50 bps	-50 bps	+50 bps
Corporate Spreads	\$(500)	\$400	\$(500)	\$400

Potential Impact of a parallel change in swap spreads: (C\$ millions)	2Q11		1Q11	
	-20 bps	+20 bps	-20 bps	+20 bps
Swap Spreads	\$400	\$(400)	\$300	\$(300)

¹ 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.

Interest Rate Sensitivity

- "Changes in all rates" implies all rates move by 100 basis points. Measured by move in risk free rates, with corporate spreads and swap spreads remaining constant.
- Corporate "A" spreads can be used as an approximate average credit quality, although our investible universe differs from publicly available benchmarks
- Earnings are most sensitive to changes in long duration U.S. rates (approx. 2/3rds), but Japan (approx. 1/6th) and other developed markets in Asia (approx. 1/6th) that sell long-duration insurance add to interest rate exposure – geographic mix of sensitivity will change over time
- Swap spreads are becoming increasingly important part of interest rate sensitivity

AFS Bond Offset

- Manulife holds highly liquid bonds in surplus under the available-for-sale ("AFS") accounting treatment
- Unlike bonds held in liability segments, AFS bonds are not automatically marked-to-market through the P&L, and must be sold to impact earnings or our calculated regulatory available capital
- Manulife may sell a portion of its AFS surplus bond portfolio near the end of the quarter, to realize gains or losses which are anticipated to partially offset the earnings volatility
- The potential impact of the change in market value of AFS fixed income assets held in the surplus segment to a 100 basis point drop in rates is \$600 million as of June 30, 2011

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; and Sales. 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 second 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. For further information regarding these subjects, see our press release announcing our 2011 second quarter results.

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