

Financial & Operating Results

First Quarter 2010



May 6, 2010

Legal Disclaimer

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. These forward-looking statements include, but are not limited to, statements with respect of our estimated adjusted earnings from operations referred to on slides seven and eight. 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”, “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 of equity markets, interest rate fluctuations and movements in credit spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the ability to execute strategic plans and changes to strategic plans; changes in laws and regulations; changes in accounting standards; downgrades in our financial strength or credit ratings; the ability to maintain the Company’s reputation; level of competition and consolidation; the ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; impairments of goodwill or intangible assets or the establishment of valuation allowances against future tax assets; the ability to implement effective hedging strategies; the ability to source appropriate non-fixed income assets to back the Company’s long dated liabilities; the realization of losses arising from the sale of investments classified as available for sale; the accuracy of estimates used in applying accounting policies and actuarial methods used by the Company; Company 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 or adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; the ability to adapt products and services to the changing market; the 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 the Company’s non-North American operations; acquisitions and the 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 the ability of the Company to protect its 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 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.

Scheduled Speakers

Donald Guloien

President & Chief Executive Officer

Michael Bell

Senior Executive Vice President &
Chief Financial Officer

CEO's Remarks

Donald Guloien

President & Chief Executive Officer

Highlights

- Net income of \$1.14 billion, or \$0.64 per share, generating a solid ROE of 16.8% in the first quarter of 2010
- Strong capital levels - MLI MCCR ratio of 250% at quarter end
- Solid growth in high return businesses - continued focus on strong margin products and services
- Strong year over year sales growth along with a change in mix to higher margin products resulted in a substantial increase in new business embedded value of 22%
- Asia insurance sales increased 35%, mutual fund sales in US and Canada increased 105% and 267% respectively
- Continued to improve equity risk profile through expanded hedging of variable product guarantees
- Strong investment credit experience relative to market conditions

CFO's Remarks

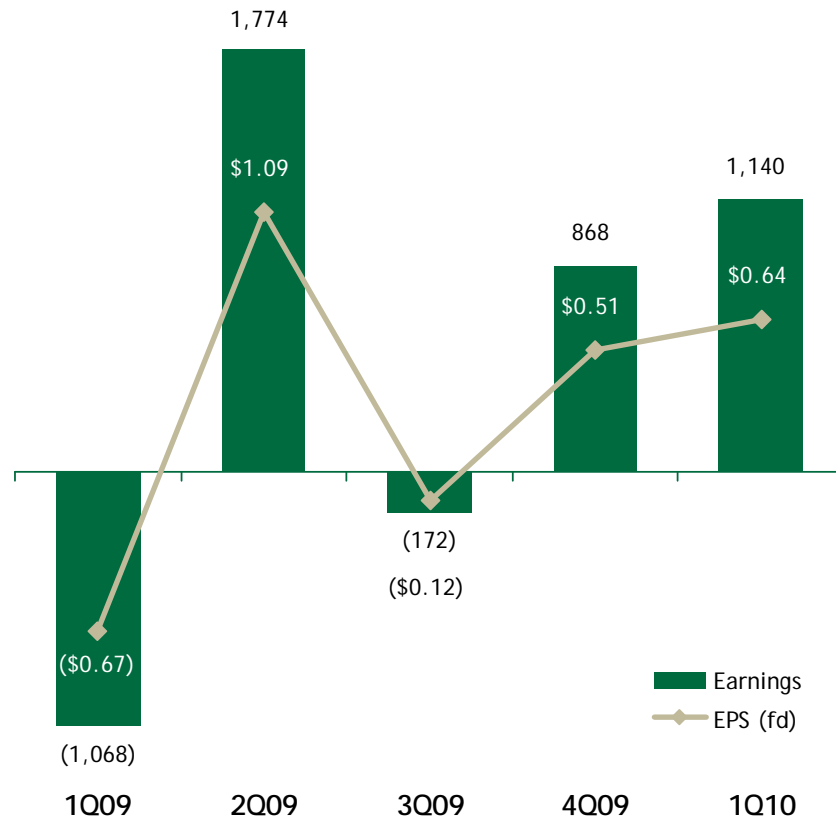
Michael Bell

Senior Executive Vice President &
Chief Financial Officer

Shareholder's Earnings

Net Income

(C\$ millions, except per share data)



1Q10 shareholders' income of \$1,140 million, and EPS of \$0.64

- + Adjusted Earnings from Operations¹ within range of expectations
- + Increases in equity markets
- + Fixed income investing activities on policy liability valuation and other net investment related items
- Provisions for leveraged leases
- Foreign currency movement
- Unfavourable policyholder experience

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

Notable Items

Net Income	\$1,140
<u>Notable items impacting earnings:</u>	
Variable annuity guarantees and other equity items	\$351
Impact of fixed income investing activities on policy liability valuation and other net investment related items	195
Provisions on leveraged lease investments, net of other tax items	(75)
Net policyholder experience losses	(31)
Currency rates	(42)
Net Impact	\$398
Adjusted Earnings from Operations¹	\$742

All items are on a post tax basis, in C\$ Millions.

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

Equity Market Impact on Earnings

Equity Markets	31-Dec-09	31-Mar-10	Change
S&P 500	1,115	1,169	+4.8%
S&P TSX	11,746	12,038	+2.5%
TOPIX	908	979	+7.8%

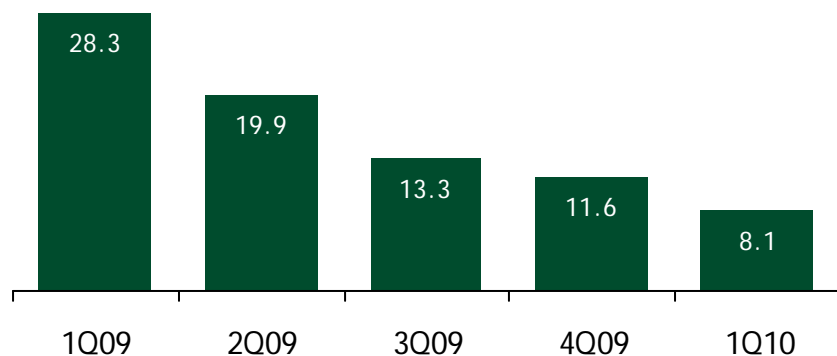
Impact on 1Q10 Earnings (C\$ millions)*:

Variable annuity guarantees	\$328
Equities supporting general account liabilities	13
Variable life reserves	7
Fee income	3
Net Impact	\$351

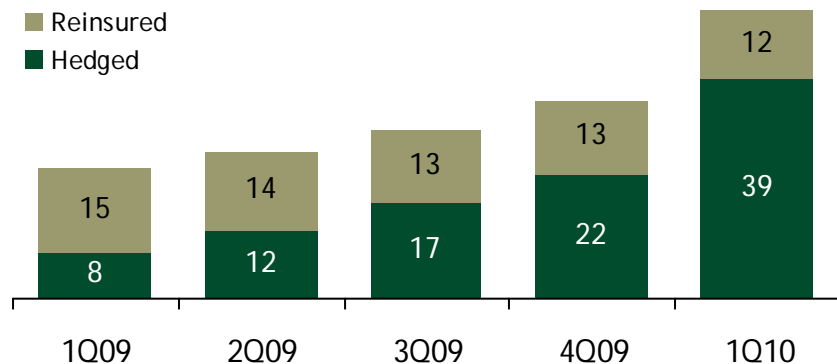
*Excludes realized gains on available-for-sale portfolio and includes actual hedging program results.

Reducing Equity Risk Exposure

Amount at Risk (In-the-money amounts)
(C\$ billions)



% of Guarantee Value Reinsured or Hedged



(C\$ billions)	Guarantee Value		Amount at Risk (in-the-money guarantees)	
	4Q09	1Q10	4Q09	1Q10
Gross Exposure	110.6	109.1	17.1	15.0
Reinsured	14.0	13.3	3.8	3.3
Hedged	24.9	42.3	1.8	3.5
Net Exposure*	71.8	53.6	11.6	8.1

- Amount at Risk (in-the-money amounts) of \$8.1 billion quarter end, down 30% from \$11.6 billion at 4Q09
- Opportunistically hedged in-force business with C\$15.2 billion of Guarantee Value in addition to new business written in 1Q10
- Hedging or reinsuring 51% of Gross Guarantee Value at 1Q10, up from 35% at 4Q09

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

Interest Rate Impact on Earnings

- Under Canadian GAAP, changes in interest rates impact the actuarial valuation of in-force policies by changing the future returns assumed on the investment of net future cash flows
- During the quarter, changes in corporate bond rates and credit spreads had minimal impact on the actuarial valuation of liabilities and reported earnings as interest rate movements based on our rates used for actuarial valuation purposes were slightly favourable, which is in contrast to the change in observable market indices
- Internal rates consider future expected investment purchases taking into account our projected investable universe, resulting in the inclusion of modestly different names and sector weightings from observable indices

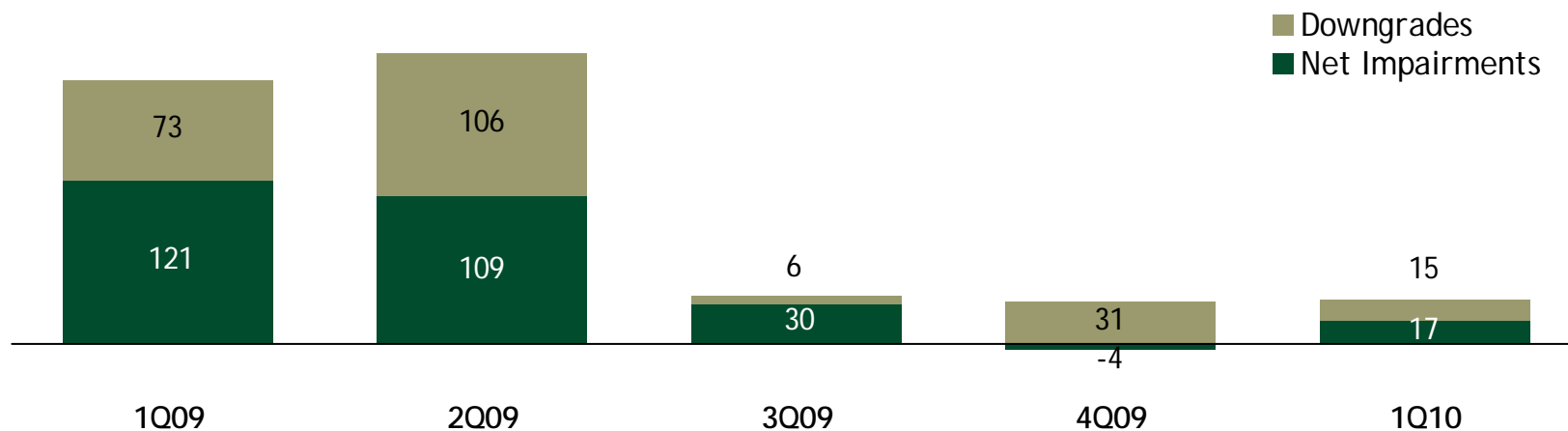
Interest Rate / Spread	31-Dec-09	31-Mar-10	<i>Change</i> <i>(Observable Market Indices)</i>	<i>Change</i> <i>(Actuarial Valuation Rates)</i>
US 10-year Corp A	5.45%	5.32%	-13 bps	+1 bp
US 30-year Corp A	6.18%	6.16%	-2 bps	+9 bps
US 10-year Corp A to Treasury Spread	161bps	149 bps	-12 bps	+2 bps
US 30-year Corp A to Treasury Spread	154bps	145 bps	-9 bps	+2 bps

Source: Bloomberg

Net Credit Experience

Net Credit Impairments & Downgrades*

(post-tax, C\$ millions)



* On Non-Par holdings only and excludes the expected amount assumed in the valuation of policy liabilities.

Impact on 1Q10 Earnings (C\$ millions):	Pre-tax	Post-tax
Net credit impairments	\$26	\$17
Credit downgrades	24	15
Total Impact	\$50	\$32

Source of Earnings¹

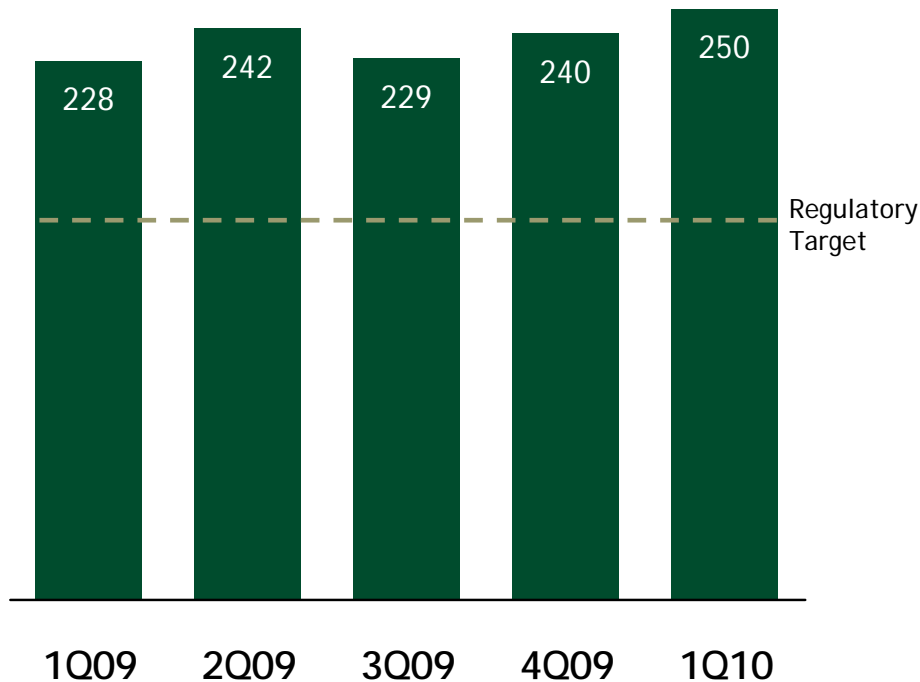
(C\$ Millions)	1Q09	2Q09	3Q09	4Q09	1Q10
Expected Profit on In-Force ¹	890	871	876	838	810
Impact of New Business	(107)	(55)	(143)	(119)	(142)
Experience Gains (Losses)	(2,513)	925	(572)	439	555
Mgmt Actions & Chgs in Assumptions	(234)	(46)	(1,081)	(232)	(20)
Earnings on Surplus Funds	(146)	(21)	156	15	151
Other	(14)	11	29	63	(7)
Income Before Taxes	(2,124)	1,685	(735)	1,004	1,347
Income Taxes	1,056	89	563	(136)	(207)
Shareholder's Net Income	(1,068)	1,774	(172)	868	1,140

- Expected profit lower than prior year, primarily driven by currency and the impact of expanded hedging
- New business strain higher than prior year primarily as a result of lower interest rates
- Improvement in experience gains over prior year driven primarily by equity market increases in 1Q10 versus significant declines in 1Q09
- Earnings on surplus funds are higher than prior year, reflecting AFS gains in the quarter, in comparison to the prior year which included higher OTTI charges

¹ Per OSFI instructions, the Source of Earnings amounts denominated in foreign currencies are translated at the prior quarter's balance sheet rate (US to Cdn - 1Q09: 1.26, 2Q09: 1.16, 3Q09: 1.07, 4Q09: 1.05, 1Q10: 1.02). "Experience Gains (Losses)" include the adjustments to arrive at the related income statement rate.

Current Regulatory Capital Position

Minimum Continuing Capital and Surplus Requirements (MLI)



1Q10 MCCR of 250%, with sequential increase driven by

- + Retained earnings
- + Increases in equity markets

- Significant buffer relative to Regulatory Target of 150%
- JHUSA RBC above 300% target at December 31, 2009

MLI refers to The Manufacturers Life Insurance Company
JHUSA refers to John Hancock Life Insurance Company (USA)

Sensitivity of Earnings & Capital

Estimated MFC Earnings Sensitivity*	Dec 31, 2009		Mar 31, 2010	
	Increase	Decrease	Increase	Decrease
Approximate immediate impact of 10% equity market movement followed by a return to our long term market assumptions**	+1.0 billion	-\$1.2 billion	+\$900 million	-\$1.1 billion
Approximate impact of 100 bps parallel movement in interest rates	+\$1.6 billion	-\$2.2 billion	No material change from 4Q09	

Estimated MLI Capital Sensitivity*	Dec 31, 2009		Mar 31, 2010	
	Increase	Decrease	Increase	Decrease
MCSSR As Reported	240%		250 %	
Approximate impact of 10% equity market movement**	+ 13 pts	- 11 pts	+9 pts	- 10 pts

* The impacts on earnings and MLI MCCSR for market values are based on a starting point and business mix in place at that date, and assume that all other variables stay constant. Actual results can differ materially from these estimates for a variety of reasons, including the interaction between these factors, changes in actuarial assumptions, changes in business mix, effective tax rates, currency and other market variables.

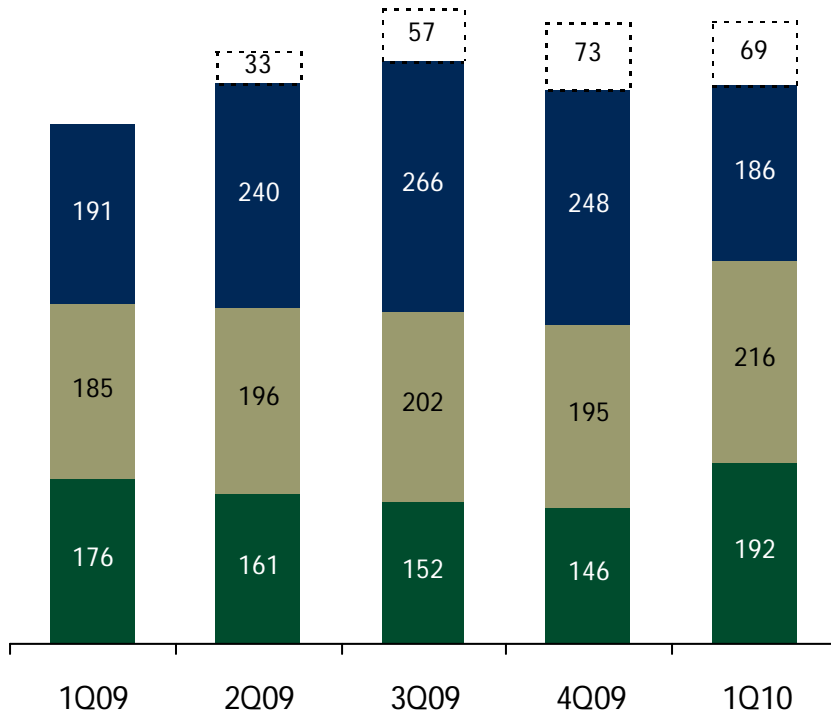
** Some hedge breakage assumed – see page 18 of the MD&A. The equity sensitivities include assumptions with respect to the effectiveness of the hedge program as well as the assumptions related to the impact on the unhedged business. Actual results could differ.

Higher Insurance Sales

Sales¹

(C\$ millions)

⋮ F/X²
 ■ US
 ■ Asia
 ■ Canada



1Q10 Insurance sales up 20% over 1Q09 on a constant currency basis with improving economic conditions across geographic markets

- + 17% increase in U.S. sales on a U.S. dollar basis
- + 9% growth in Canada
- + 35% growth in Asia on a constant currency basis

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

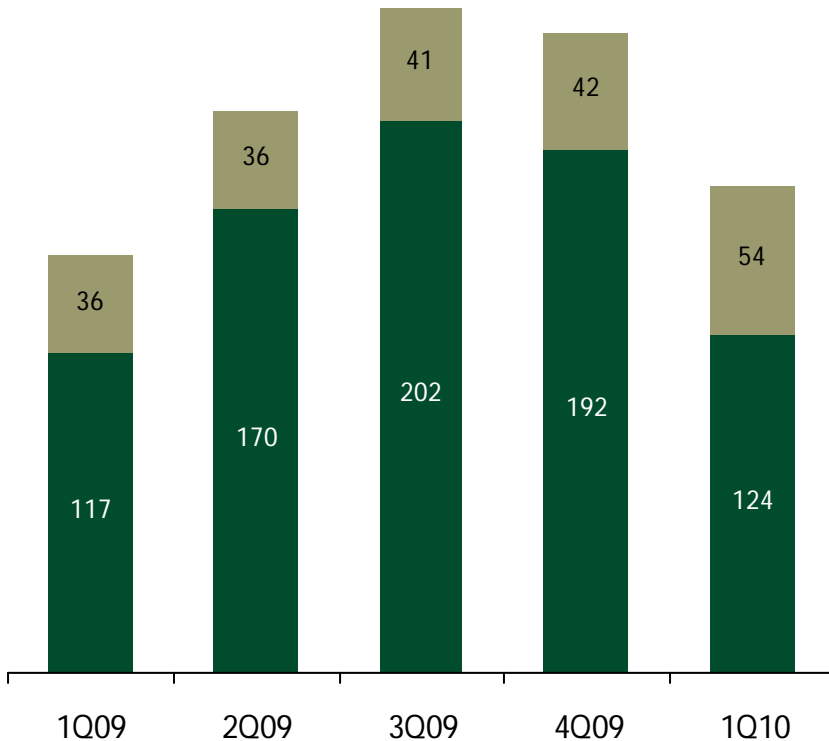
² F/X reflects impact to sales if rates remained constant at 1Q09 levels.

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

U.S. Insurance

Sales¹
(U\$ millions)

■ JH LTC
■ JH Life



Life sales of US\$124 million, up 6% over 1Q09

- + Gradual economic recovery
- Price increases to increase margins

LTC sales of US\$54 million, up 50% over 1Q09

- + 100% of Federal Long Term Care sales
- + Retail sales due to consumer flight to quality

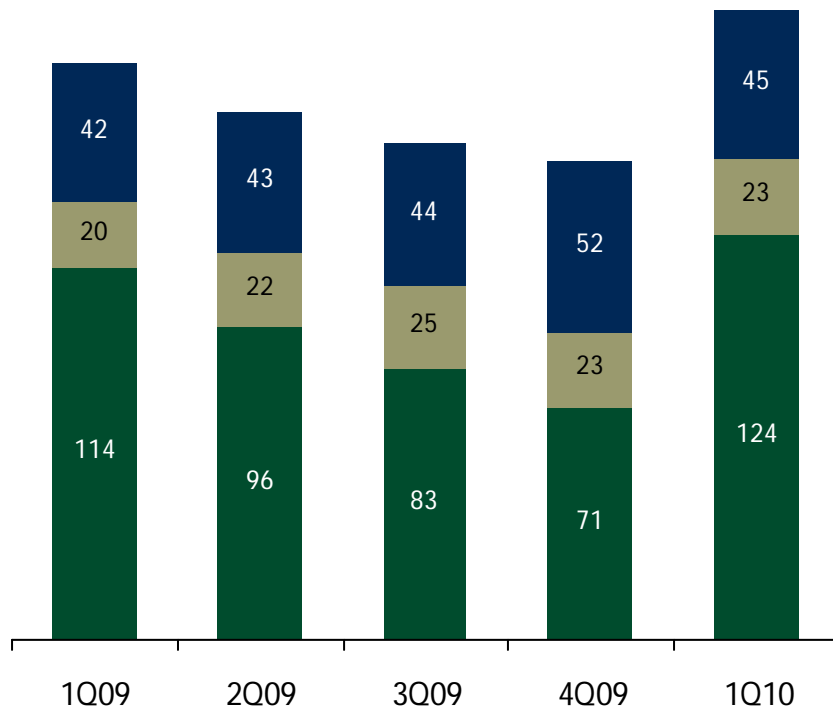
¹ Non GAAP measure. See "Note to Users – Performance and Non-GAAP Measures".

Insurance sales consist of recurring premiums and 10% of both excess and single premiums.

Canada Insurance

Sales¹
(C\$ millions)

■ Individual Life
■ Affinity Markets
■ Group Benefits



Individual Life sales of \$45 million, up 9% over 1Q09

- + Strong growth in permanent sales
- + Larger case size

Group Benefits sales of \$124 million, up 9% over 1Q09

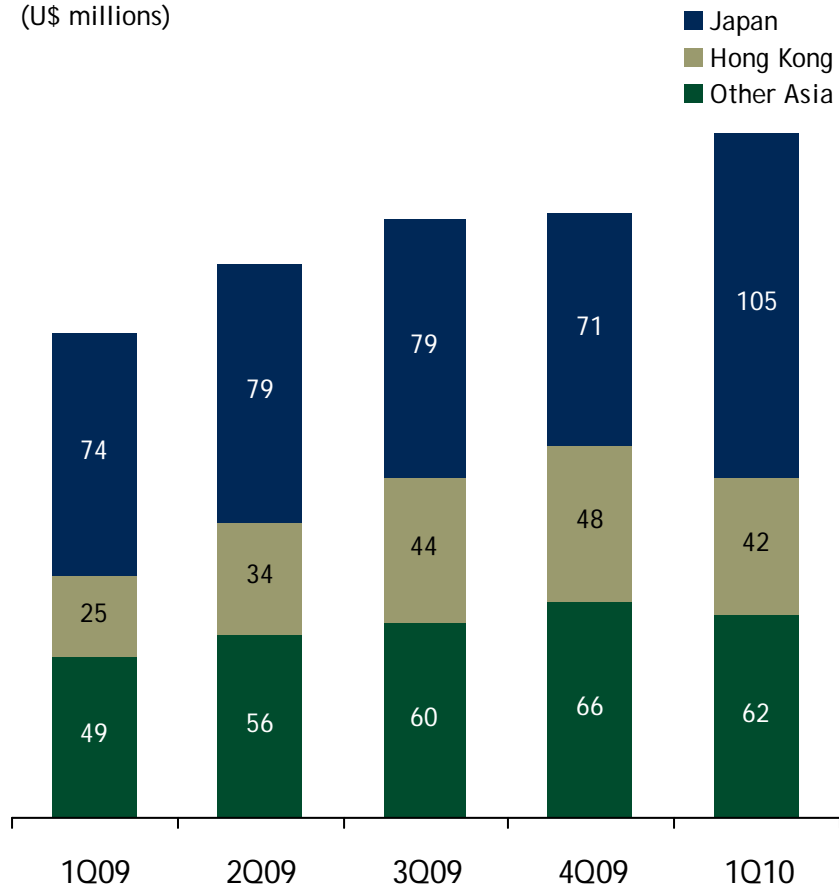
- + Strong results in large case segment

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

Insurance sales consist of recurring premiums and 10% of both excess and single premiums with the exception of Group Benefits which is measured by new annualized premiums and single premium sales, including ASO premium equivalents

Asia Insurance

Sales¹
(U\$ millions)



Hong Kong Insurance sales of \$42 million, up 64% over 1Q09 on a constant currency basis

- + New product launch
- + Increased agent count and productivity improvement

Japan Insurance sales of \$105 million, up 37% over 1Q09 on a constant currency basis

- + Increasing Term sales doubled
- + Corporate owned life and medical sales
- + New whole life product launch

Other Asia insurance sales of \$62 million, up 16% over 1Q09 on a constant currency basis

- + Taiwan whole life sales
- + Increased agent count and new product launch in China
- + New product launches in Singapore, the Philippines and Indonesia

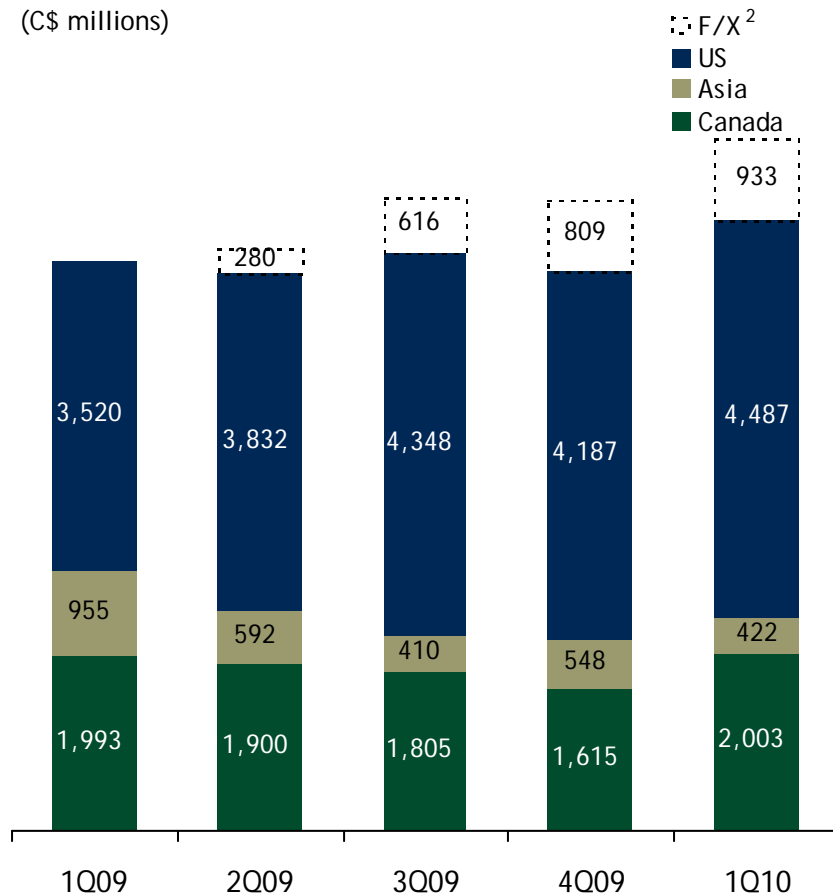
¹ Non GAAP measure. See "Note to Users – Performance and Non-GAAP Measures".

Insurance sales consist of recurring premiums and 10% of both excess and single premiums.

Higher Wealth excl. Variable Annuities Sales

Sales¹

(C\$ millions)



1Q10 sales up 21% versus prior year on a constant currency basis

- + Stronger equity markets
- + Focused marketing and distribution
- + Strong product portfolio
- Demand for fixed products
- Lower Money Market Mutual Funds sales in Taiwan
- Prior year comparable includes one-time top up of pension funds by Hong Kong government

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

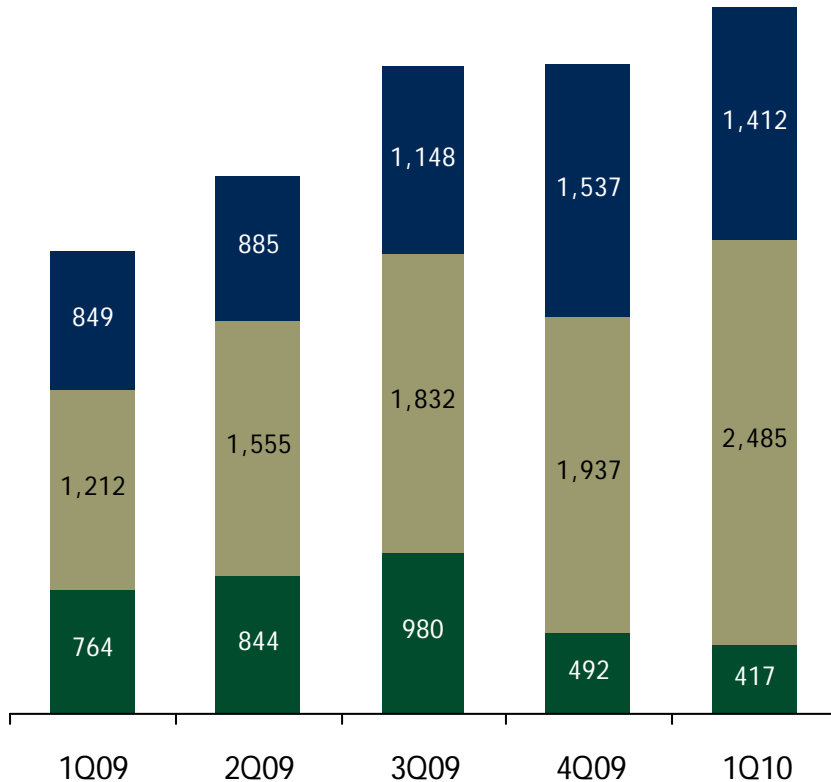
² F/X reflects impact to sales if rates remained constant at 1Q09 levels.

U.S. Wealth excl. Variable Annuities

Sales¹

(U\$ millions)

■ JH Retirement Plan Services
 ■ JH Mutual Funds
 ■ JH Fixed Products



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

* For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return that accounts for variation in a fund's monthly performance (including effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category, the next 22.5%, 35%, 22.5% and bottom 10% receive 5, 4, 3, 2 or 1 star respectively. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Past performance is no guarantee of future results. The overall rating includes the effects of sales charges, loads and redemption fees, while the load-waived does not. Load-waived rating for Class A shares should only be considered by investors who are not subject to a front-end sales charge.

Mutual Fund sales of \$2.5 billion, up 105% over 1Q09

- + Equity market recovery
- + Competitive fund performance on broad fund offering (portfolio of 18 4- or 5-Star funds*)
- + Strengthened and expanded distribution relationships

Retirement Plan Services sales of \$1.4 billion, up 66% over 1Q09

- + Equity market recovery
- + Strengthened and expanded distribution relationships

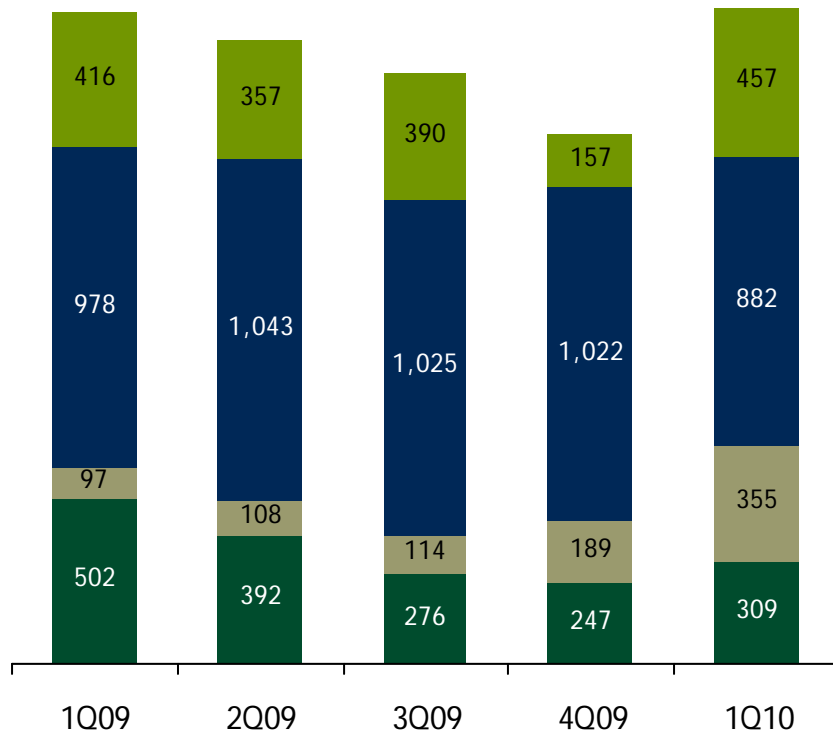
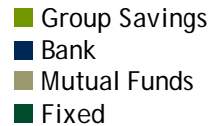
Fixed Products sales of \$417 million, down 45% versus 1Q09

- Low interest rate environment

Canada Wealth excl. Variable Annuities

Sales¹

(C\$ millions)



Mutual Fund sales of \$355 million, up 267% over 1Q09

- + Focused business strategy
- + Increasing consumer confidence and equity market improvement

GSRs sales of \$457 million, up 10% over 1Q09

- + Leveraging customer relationships developed by Group Benefits

Fixed Products sales of \$309 million, down 38% versus 1Q09

- Reduced demand as markets stabilized

Manulife Bank Volumes of \$882 million, down 10% versus 1Q09

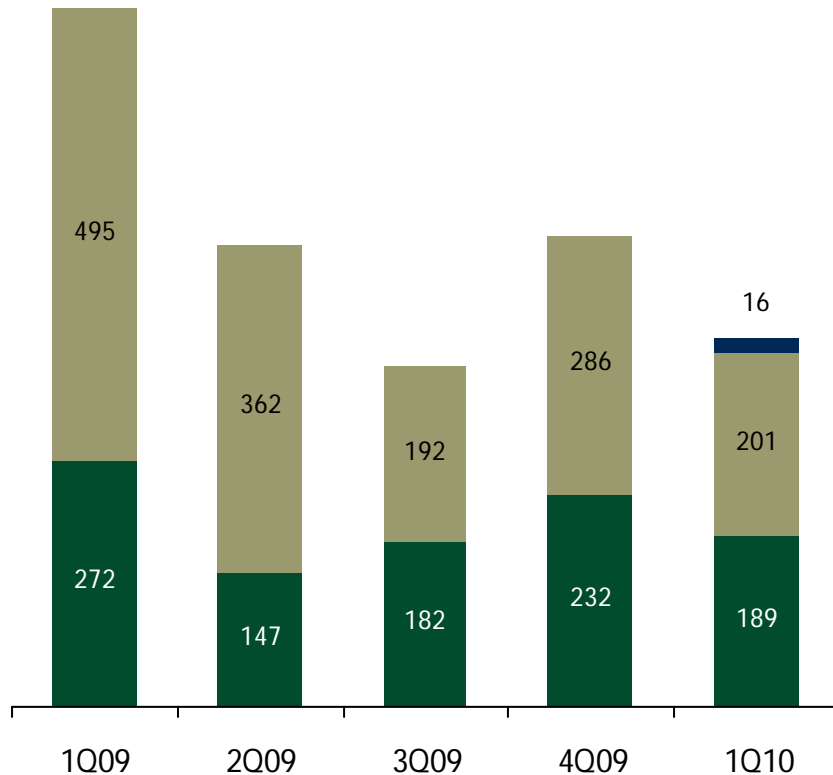
- Real estate market declines
- Competitive pressures

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

Asia Wealth excl. Variable Annuities

Sales¹
(U\$ millions)

■ Japan
■ Other Asia
■ Hong Kong



Hong Kong sales of \$189 million, down 31% versus 1Q09

- Prior year comparable includes one-time top-up of pension funds by Hong Kong government

Other Asia sales of \$201 million, down 65% versus 1Q09 on a constant currency basis

- Decline in Taiwan money market mutual fund sales

Japan sales of \$12 million

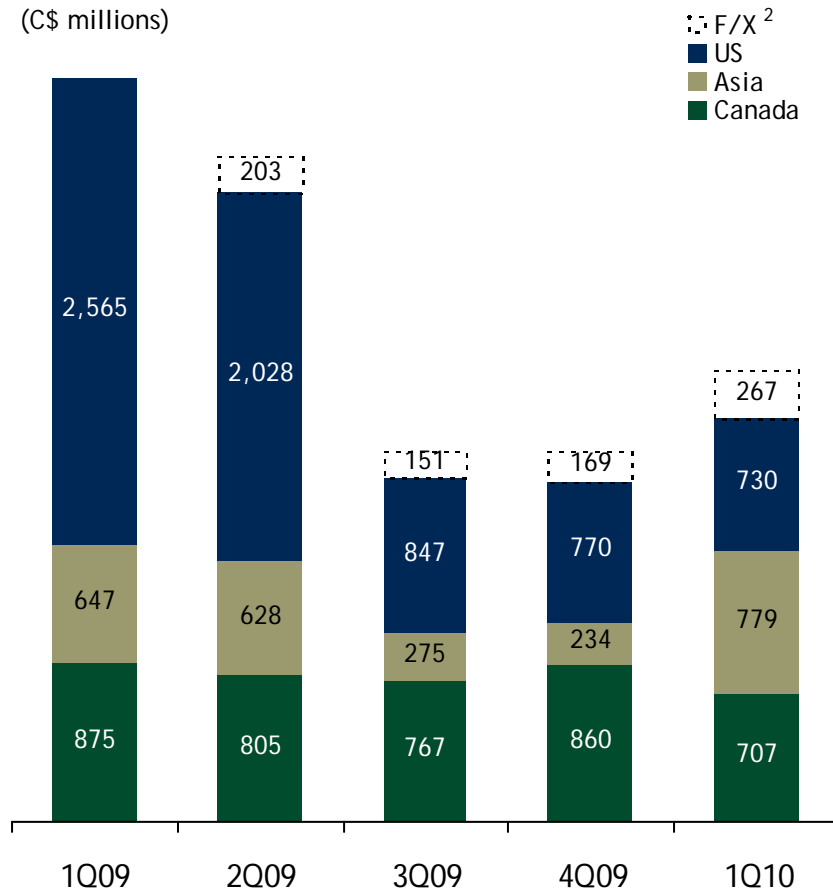
- + Launch of multi-currency fixed annuity product

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

Lower Variable Annuities Sales

Sales¹

(C\$ millions)



1Q10 sales down 39% versus prior year levels on a constant currency basis

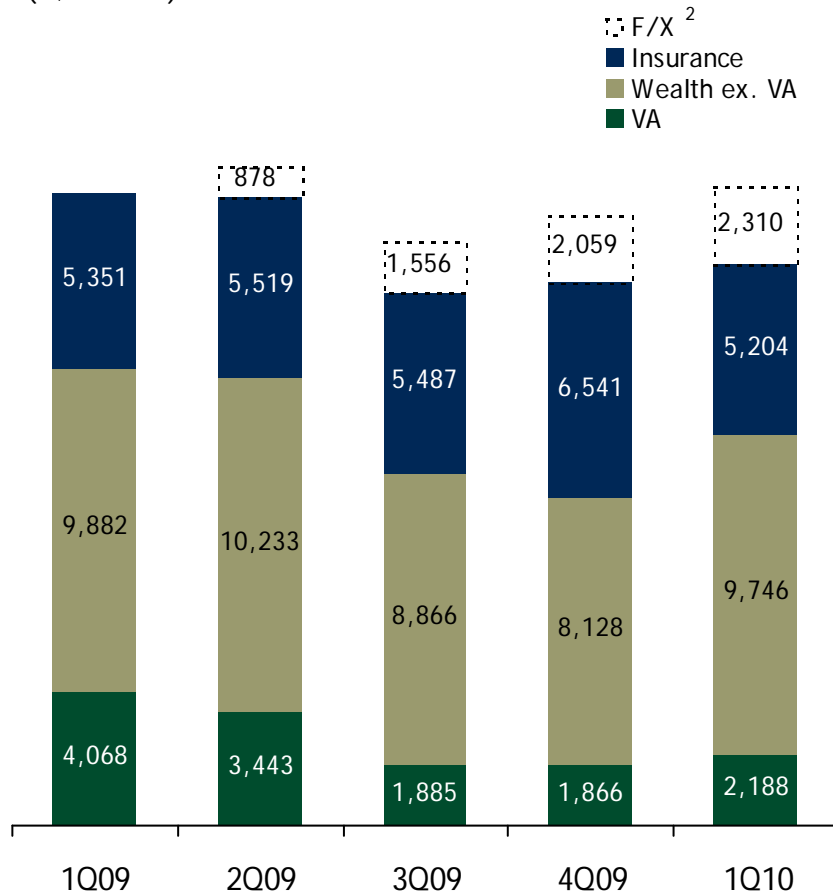
- On-going risk management initiatives across all geographies
- Japan sales increase in advance of April 1 tax changes

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

² F/X reflects impact to sales if rates remained constant at 1Q09 levels.

Increased Premiums and Deposits¹

(C\$ millions)



Insurance P&D up 7% on a constant currency basis versus the prior year
+ Growth of in-force business

Wealth, excluding VA, P&D up 13% on a constant currency basis versus the prior year

- + Mutual fund and retirement deposits from stronger equity markets
- Lower fixed product sales in the U.S. and Canada

VA P&D down 40% in 1Q10 versus prior year level on a constant currency basis

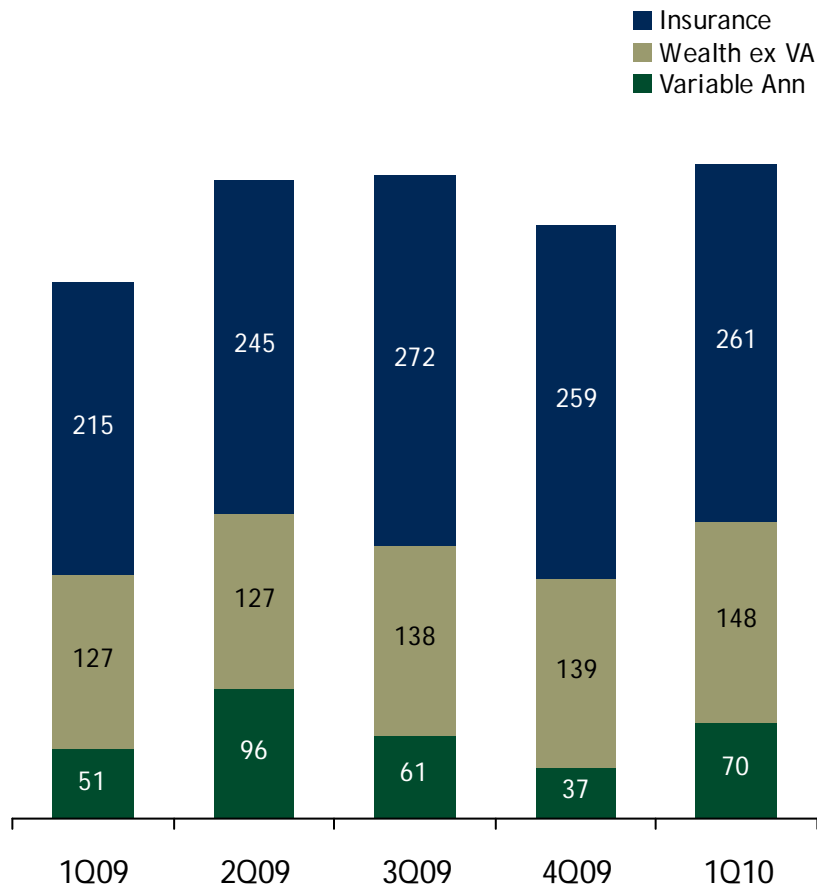
- Consistent with on-going risk management initiatives

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

² F/X reflects impact to premiums and deposits if rates remained constant at 1Q09 levels.

Higher New Business Embedded Value¹

(C\$ millions)



NBEV for insurance, up 21% in 1Q10 from prior year level

- + Increased sales
- + Actions to improve product margins

NBEV for wealth excluding variable annuities, up 17% in 1Q10 from prior year level

- + Increased sales

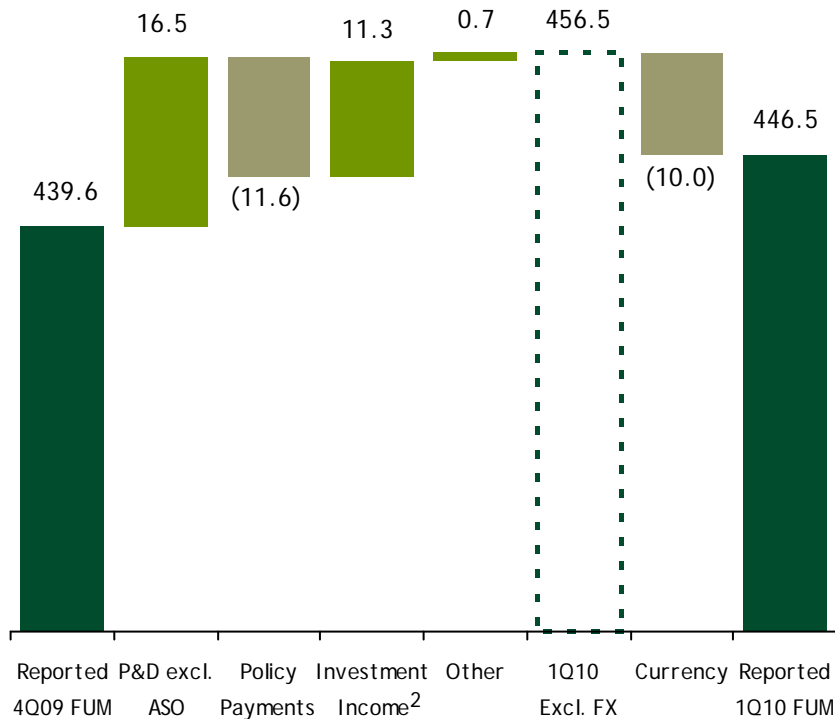
NBEV for variable annuities up by 37% from 1Q10 from prior year levels

- + Product changes
- + Higher long term rates on interest rate swaps

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

Higher Funds Under Management¹

(C\$ millions)



Total FUM of \$446 billion, up 4% on a constant currency basis

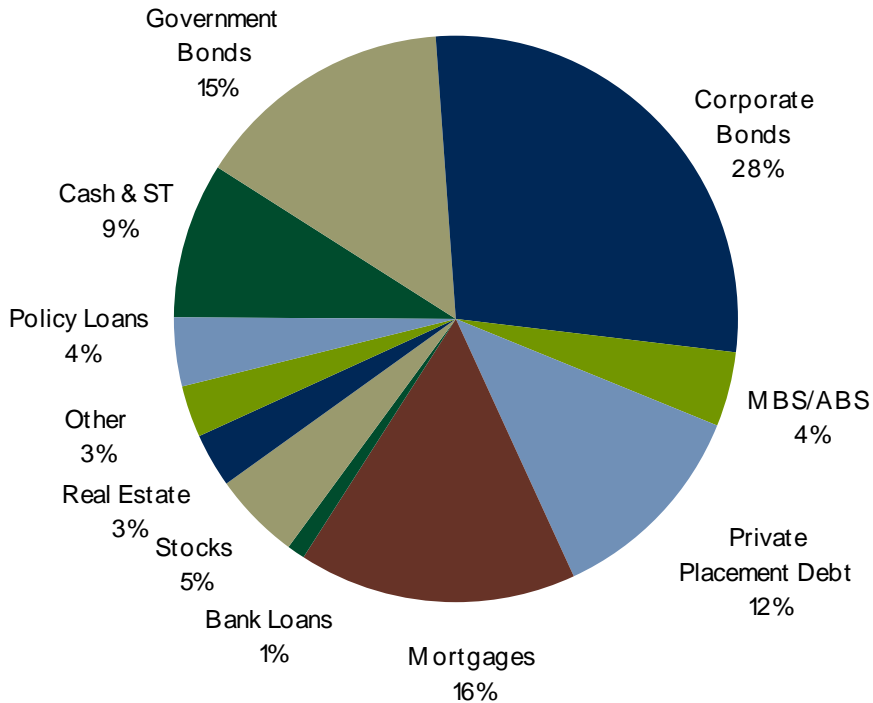
- + Positive policyholder net cash flows of \$5 billion
- + Investment income of \$11 billion
- Unfavourable currency movement of \$10 billion

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

² Investment Income includes OCI on AFS securities and cash flow hedges.

Diversified High Quality Asset Mix

Total Invested Assets (C\$188.3 billion)



As at March 31, 2010, Carrying Value

Note: "CMBS" refers to Commercial Mortgage-backed Securities, "RMBS" refers to Residential Mortgage-backed Securities, and "PIIGS" refers to the nations of Portugal, Italy, Ireland, Greece and Spain.

▪ Diversified, high quality portfolio:

- 13% in Cash & Policy Loans
- 16% in high quality Mortgages
- 59% in high quality Public & Private Bonds
- 95% of Bonds are Investment Grade and highly diversified by geography and sector
- 90% of CMBS rated AAA with 88% originated in 2005 or prior
- Commercial Mortgages have low Loan-to-Values ~ 64% and high Debt Service Coverage ~1.5x
- Unlevered Commercial Real Estate with 91.8% occupancy and 5.5 years average lease term

▪ Limited exposure to:

- RMBS (Cost of C\$826M)
- Monoline wrapped bonds (Cost of C\$855M)
- European bank hybrids (Cost of C\$571M)
- Sovereign debt of "PIIGS" nations (Cost of C\$70M)

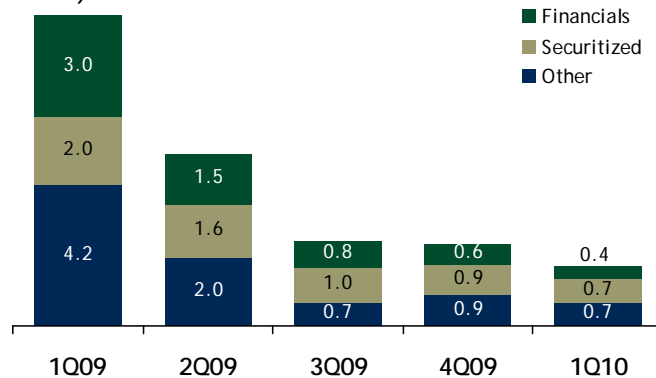
▪ No exposure to:

- Hedge funds
- Credit default swaps

Lower Gross Unrealized Losses

Total Gross Unrealized Losses

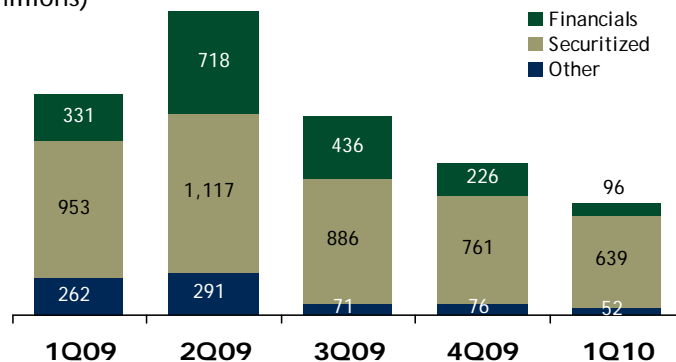
(C\$ billions)



Gross Unrealized Losses

>20% of cost and > 6 months

(C\$ millions)



Continued Significant Improvement

- Total gross unrealized losses declined 26% sequentially to C\$1.8 billion due to continued general spread narrowing
 - Represents 1.6% of Fixed Income securities
- Unrealized losses for Fixed Income securities trading at less than 80% of cost for greater than 6 months declined 26% from 4Q09 to C\$0.8 billion
 - Represents 0.7% of Fixed Income securities

Summary

- Net income of \$1.14 billion, or \$0.64 per share, generating a solid ROE of 16.8% in the first quarter of 2010
- Strong capital levels - MLI MCCR ratio of 250% at quarter end
- Solid growth in high return businesses - continued focus on strong margin products and services
- Strong year over year sales growth along with a change in mix to higher margin products resulted in a substantial increase in new business embedded value of 22%
- Asia insurance sales increased 35%, mutual fund sales in US and Canada increased 105% and 267% respectively
- Continued to improve equity risk profile through expanded hedging of variable product guarantees
- Strong investment credit experience relative to market conditions

Question & Answer Session

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. Non-GAAP measures include: Adjusted Earnings from Operations, Return on Common Shareholders' Equity; Constant Currency Basis; Premiums and Deposits; Premiums and Premium Equivalents; Funds under Management; Capital; Sales; New Business Embedded Value; and Impact on Shareholders' Economic Value. 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. In our 2009 Annual Report in the section entitled "Estimated Adjusted Earnings from Operations for 2010", the Company estimated Adjusted Earnings from Operations for all quarters in 2010, which constitutes forward-looking information, in accordance with the methods outlined under "Notable Items". In this presentation, we have compared our estimate of adjusted earnings from operations with the adjusted earnings from operations for the first quarter excluding specified items that were excluded in arriving at our estimate of adjusted earnings from operations. The Company believes these measures are useful to investors given the current economic conditions including the volatility of equity markets, interest rates and other factors. Return on common shareholders' equity is a 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) on available for sale securities and cash flow hedges. The Company also uses financial performance measures that are prepared on a constant currency basis, which exclude the impact of currency fluctuations. 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 first quarter of 2009. 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. The definition we use for capital serves as a foundation of our capital management activities at the MFC level. For regulatory reporting purposes, the numbers are further adjusted for various additions or deductions to capital as mandated by the guidelines used by OSFI. Capital is calculated as the sum of: total equity excluding Accumulated Other Comprehensive Income (Loss) on cash flow hedges; non-controlling interest in subsidiaries; and liabilities for preferred shares and qualifying capital instruments. 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. New business embedded value ("NBEV") is the change in shareholders' economic value as a result of sales in the period. NBEV is calculated as the present value of expected future earnings after the cost of capital on new business using future mortality, morbidity, policyholder behavior assumptions, expense and investment assumptions used in the pricing of the products sold. The investment assumptions for long duration products are based on the long-term investment assumptions typically determined during the annual planning cycle. The principal economic assumptions used in the NBEV calculations in 2010 were based on January 1, 2010 markets. Impact on shareholders' economic value is one of the measures we use to describe the potential impact of changes in equity markets and interest rates. Our method of calculating the impact on shareholders' economic value is set out in the relevant sections of the presentation where the impact is disclosed. For further information regarding these subjects, see our press release announcing our 2010 first quarter results.

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