

**Dominic D'Alessandro
President and Chief Executive Officer
Manulife Financial Corporation**

**Annual Meeting
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CEO Message to Shareholders

Good morning ladies and gentlemen. It is always a pleasure to see so many friends and fellow shareholders. Today is a bittersweet day for me, as you might suspect: This is my sixteenth and final annual meeting addressing you as Manulife's President and CEO. I'm very proud of my fifteen years of service to this great company, and also thankful for the support of the thousands of talented Manulife employees and producers who have helped us grow from the small Canadian mutual life insurance company that we were back in 1994 into one of the largest and most successful life insurance companies in the world.

But you've come here today to hear about 2008, so let's get right to that.

It is an understatement to say that 2008 was difficult. Battered equity and credit markets, high-profile corporate failures and government bailouts are just a few of the events that marked - what many are calling - the most difficult economic conditions in modern history.

Manulife did not escape unscathed. The collapse in world wide equity markets which began in the fall of 2008 had the effect of creating a shortfall between the guaranteed value of certain variable annuity and segregated fund contracts and the underlying assets held to support those obligations. This shortfall rose very sharply as markets fell and at the end of December stood at \$27 billion.

As a result, we increased our balance sheet reserves for variable annuities and segregated funds guarantees to \$5.8 billion as at December 31, 2008 compared with \$526 million at the end of 2007. These actuarial reserves have been determined using conservative assumptions and assume that there will be no recovery in stock market indices for the next ten years. What this means is that the reserves set aside at year end, absent any further deterioration in equity markets, should be sufficient to fully absorb the shortfall at that date.

Largely because of this increase in reserves, fully diluted earnings for the year declined to \$0.32 per share, compared with \$2.78 for 2007. The impact of the reserve strengthening was felt across all of our operating divisions.

I would emphasize that while we must account for these reserves as liabilities now, they represent non cash charges; the bulk of any potential obligations under these agreements would only be payable over a very long period of time. As this slide shows, should markets remain at their current depressed levels, net cash outflows would begin in six or seven years and extend over periods of up to 30 or more years. And should equity markets recover in the years ahead, we can expect to recapture significant portions of these reserves into net income.

In addition to the balance sheet reserves we must, for regulatory capital purposes, assume that markets will decline by a further 25% with no recovery for ten years. The capital that would be required to absorb the impact of this additional decline in markets is then multiplied by two in order to derive a capital ratio of 200%. All in all, the regulatory treatment of exposures related to what are essentially individual pension plans, is very harsh.

The need to bolster reserves as we did was certainly disappointing. However, I would not want it to totally overshadow what was otherwise another year of growth and accomplishment. Manulife achieved record sales volumes in many of the markets we serve. The growth was driven by an exceptionally strong first three quarters of 2008. While sales did soften in the last quarter amid the economic uncertainty, our total premiums and deposits for the year held steady at approximately \$70.0 billion. Our new

business embedded value, an important indicator of future profitability, was a record \$2.26 billion in 2008.

The charges related to variable annuities and segregated funds have led to a lot of discussion regarding whether or not we employed the right hedging strategy. Some background regarding our approach may be helpful. Hedging is a complex and costly proposition. We made the decision to commence hedging in 2006 and spent significant time testing and refining our hedging strategies. By the end of 2007 we started hedging a small percentage of our variable annuity business. Our measured approach to hedging was absolutely consistent with our risk management practices – hedging if not constructed correctly can be incredibly costly and lead to unintended consequences. By the end of 2008 we were hedging all new VA business in the US and we are extending this program currently. In hindsight, we clearly would have implemented this strategy more quickly had we foreseen what became one of the worst and most rapid equity market declines in history – an approximate 50 percent decline in leading market indices in just 6 months.

Despite the massive non cash charges we booked, our share price performance was in line with – and in some cases even better than - our peers who claim to have aggressively hedged ---- demonstrating our otherwise solid performance ----- and illustrating that hedging is not the panacea some might suggest.

When we saw equity markets start to sell off last year, Manulife moved quickly to shore up its capital base, raising \$4.3 billion through a \$2 billion unsecured bank financing and an additional \$2.3 billion in common equity. At the end of the year, the capital ratio of the company's principal operating subsidiary was a healthy 234 percent, up from 221 percent the previous year. Our success in raising capital clearly demonstrates the confidence that investors and lenders have in Manulife's ability to generate returns and create long-term value.

Manulife's global franchises, strong capital position and high quality investment portfolio have helped us weather the economic storm and achieve leadership positions in all of our key markets. 2009 will bring more challenges, but I am confident that our distribution excellence and product innovation will only enhance our standing in the industry.

Now I'd like to say a few words about our operating divisions, beginning with Canada.

Canada

Even in the face of turbulent market conditions, our Canadian Division had a remarkable year with both Individual Life and Wealth Management reporting record sales and enjoying leading positions in all key markets.

Individual Life Insurance had a sales increase of 12 percent over the previous year, propelled by innovative new products, including Performax Gold.

The strong sales across core products in Individual Wealth Management reflect the confidence our customers place in Manulife's financial strength. We also entered into a strategic alliance with Mawer Investment in 2008, which enhanced our mutual fund offerings.

Manulife Bank also turned in a record year, with assets reaching \$12.7 billion, reflecting record loan volumes of Manulife One, Canada's first flexible mortgage account.

Manulife's Group businesses also performed well. Excluding a single large case sale in 2007, Group Benefits sales were up four percent in 2008. In the Group Pensions business, we confirmed our commitment to delivering the very best products and services to our distribution partners and their clients with the addition of the Retirement Solution Centre.

United States

In the United States, where as you know we operate primarily under the John Hancock name, a number of our businesses reported excellent sales gains as a result of a very attractive product portfolio and a customer-led flight to quality. In the U.S., we have leading positions in all of our key markets.

I am pleased to report that our U.S. Life business retained its #1 ranking this year, with record sales of US\$862 million fueled by a focus on product development, underwriting, distribution and service excellence. Long Term Care also reported strong sales, benefiting from the introduction of an enhanced Custom Care product as part of our

ongoing commitment to product innovation. Both of these businesses experienced healthy in-force growth, a testament to the excellent relationships we enjoy with our customers and distribution partners.

Consistent with industry trends, variable annuity sales were down from 2007 in the U.S. as a result of volatility in equity markets, continuing economic uncertainty and product redesign. Fixed Products, on the other hand, realized an exceptionally strong sales increase of 30 percent as these same factors prompted many investors to exit equity markets and seek fixed return products from top rated firms.

Mutual Funds' sales were up 12 percent over the previous year and our Group Pensions retained its #1 ranking in the small case 401(k) market.

Asia and Japan

Turning to Asia, 2008 was an exciting year, marked by good growth in sales and distribution reach.

Insurance sales were up an impressive 41 percent across the region and we reported growth in all of our major markets as the company successfully launched a number of new products.

Our wealth management businesses also launched several new funds in key markets. In Taiwan we successfully completed the acquisition of Fuhwa Securities Investment Trust, diversifying our product distribution and increasing our funds under management.

Growth in our distribution network is a key plank in our Asian success, and Manulife now has more than 33,000 contracted agents in Asia, an increase of 18 percent compared with last year. We were especially pleased to have surpassed 10,000 agents in China for the first time last year, and at year end, we had 35 offices in the country. In Japan, we doubled our insurance sales through the successful development of the Managing General Agent channel.

Asia is another region where we are well positioned for future growth.

Reinsurance

Moving from geographic divisions to our reinsurance business—we had a solid year in 2008, with earnings benefitting from increased premiums.

Life Retrocession experienced robust new business volumes, and International Group Program, the #1 network for multinational group benefits, continued to expand its global franchise while delivering strong expense control.

In addition, our Property and Casualty group reported one of its best profit years, despite the second most active Gulf Storm season on record.

Investments

Turning briefly now to our investments. Our disciplined investment approach ensured that our portfolio performed comparatively well and helped us avoid many of the asset classes that plagued our industry. Our conservative investment philosophy was designed to help deliver superior returns over the long term and steer us safely through periods of economic distress, and in 2008 I am pleased to report that this philosophy paid off.

I am particularly pleased that our bond portfolio has withstood the recent downturn better than most. This can be attributed to a relentless focus on improving our credit quality since our merger with John Hancock. With 95 percent of our bonds at investment grade, this strategy continues to serve us well today.

Respect for our investment philosophy has also helped our third party asset management business, MFC Global Investment Management (“MFC Global”), grow its sales at an astonishing 62 percent in one of the toughest years in memory. Much of our investment success can be attributed to the business acumen and leadership skills of our former Chief Investment Officer and now incoming CEO, Donald Guloien.

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Unfortunately equity markets – underscoring the severity of the economic contraction that is taking place - continued to decline in the first quarter of 2009. As a result we needed to once again strengthen our reserves for segregated and variable annuity guarantees. At the end of March 2009, the guaranteed values of these pension contracts exceeded the market values of the assets held by \$30 billion, an increase of

some \$3 billion over the three month period. So, reserves were once again increased by \$1.9 billion, from \$5.8 billion to \$7.7 billion at the end of the quarter.

I want to again emphasize that these are non cash charges which – if the markets improve over the next six or seven years – may be reversed and taken into income when that occurs.

The decline in equity markets in the first quarter also reduced the value of the assets on which fees are levied, and also required us to recognize impairments for certain equity securities held for the company's own account. Also affecting the first quarter were increased credit charges and adjustments to the carrying value of certain real estate and other assets.

The result of all this is that we recorded a loss of \$1.1 billion in the first quarter; a disappointment to be sure but not entirely surprising given market conditions where virtually every asset class – bonds, stocks, real estate, oil and gas, timber – declined in value.

Notwithstanding the poor first quarter results, the Company remains very well capitalized with a regulatory capital ratio of 228%, one of the highest in our history.

Markets remain highly uncertain, however, and the company will continue to evaluate alternatives to ensure that a strong capital position is maintained.

Closing

In closing, I would like to take this opportunity to reiterate how extremely proud I am of how our employees have met the challenges we faced in 2008. They did so with dedication and professionalism.

Last night I had the pleasure to perform one of my last acts as President and honour the 2008 Stars of Excellence honourees. Their commitment, talent and tenacity are an inspiration to all of us.

I leave Manulife with one of the strongest management teams in the industry. I repeat that it has been a great honour to lead this fine Company, and to work with this group of extremely talented professionals.

I am handing over the reins to Donald Guloien with the greatest of confidence. Donald is an accomplished leader who has been with Manulife since 1981. As already mentioned, he most recently served as our Chief Investment Officer, and is responsible for Manulife's successful world-wide investment activities. Donald understands our company, lives and breathes our values, and our culture, and he is the right person to lead Manulife going forward.

Manulife is also very fortunate to have John DesPrez III step into a new role as Chief Operating Officer. Our operating divisions around the globe will benefit from John's keen business acumen.

I would also like to congratulate Dr. Gail Cook-Bennett on her appointment as Chair of our company and thank her and the entire Board for all of the support they have given me during my tenure here at Manulife.

Finally, I would like to conclude my address today by thanking Manulife's employees, agents, business partners and customers around the world. On behalf of the entire management team, I appreciate the confidence and trust you continue to place in us. Thank you.

I will now turn this over to Donald who will discuss Manulife's outlook for the year ahead.

Looking Forward

Remarks given by Donald Guloien