1980 Annual Report

The Manufacturers Life Insurance Company

Corporate Profile

ManuLife is an international company headquartered in Canada. It provides an extensive range of competitive insurance products and services to individuals, families and businesses around the world.

With assets of $6 billion, ManuLife ranks among the top 20 life insurance companies in North America, and is recognized as a major international financial corporation.

The company enjoys a sustained rate of growth that is well above average; sales of individual life insurance and annuity products are particularly strong.

Dividend returns to ManuLife's participating policyowners reflect the company's superior investment performance, careful expense control and favorable mortality experience.

Corporate Headquarters:
200 Bloor Street East
Toronto, Ontario
Canada M4W 1E5

Contents

Cover: City of Toronto skyline dominated by the CN Tower, the world's tallest free-standing structure.

Pour recevoir ce Rapport annuel en français, il suffit d'en faire la demande.

Directors' Report Highlights

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980 (with comparative figures)

	1980	1979	% Change
	($000's Omitted)		
NEW LIFE INSURANCE			
Individual	$ 4,872,895	$ 3,651,186	33
Group	414,833	148,534	179
Total	5,287,728	3,799,720	39
LIFE INSURANCE IN FORCE			
Individual	20,316,025	17,200,583	18
Group	5,509,602	4,937,446	12
Total	25,825,627	22,138,029	17
TOTAL PREMIUM INCOME			
Insurance	395,152	347,117	14
Annuities	493,700	388,969	27
Segregated Funds	63,174	44,142	43
Total	952,026	780,228	22
ANNUITY LIABILITIES			
Individual	1,457,154	1,153,805	26
Group	1,149,552	979,715	17
Total	2,606,706	2,133,520	22
NET INVESTMENT INCOME	503,522	392,769	28
PAYMENTS			
To Policyholders	395,013	346,534	14
To Beneficiaries	94,355	70,143	35
Dividends	59,915	51,175	17
Total	549,283	467,852	17
EXPENSES	194,471	170,560	14
OPERATING INCOME	87,543	52,862	66
APPROPRIATED SURPLUS	312,439	255,130	22
UNAPPROPRIATED SURPLUS	351,860	319,035	10
ASSETS	5,938,677	5,031,578	18
NET RATE OF INTEREST	9.88%	8.80%	

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980

Excerpts from President E.S. Jackson's Remarks to the 94th Annual Meeting at the Royal York Hotel, Toronto, February 19, 1981.

"There appears to be an emerging realization that Keynesian theory—which has guided the golden postwar era—is increasingly ineffective."

Operating Environment

Nineteen-eighty brought a continuation of chaotic events which, like a recurring nightmare, simply refuse to go away. In a highly unstable year, we saw a relentless worsening of the world oil situation ... we saw the outbreak of hostilities in the Middle East which served as a backdrop for the drama of the American hostages ... and we saw abrupt swings in political mood in the election results of Canada and the United States.

Economically, the picture was equally dismal for 1980, with the likelihood of continuing sluggish growth in the immediate future. Major forecasts say that we are looking at continued high inflation and low growth in Gross National Product in major Western countries for the first half of the new decade.

From this economic scenario, there appears to be an emerging realization that Keynesian theory—the theory which increases demand in recession and curtails it in the upper limits of the business cycle ... and the theory which has guided the golden postwar era—is increasingly ineffective. In applying Keynesian theory, politicians have shown historic willingness to inflate the money supply in recession—but have lacked the discipline to curtail it during good times. But politicians, of course, merely reflect public opinion—or perceived public opinion. So the result is an enormous national debt, overconsumption, over-regulation, impaired productivity and insufficient investment in renewed plant and equipment.

Lacking the checks and balances of economic self-discipline, we in Canada have continued to demand far too much from government—much more, in fact, than the country is capable of producing. To satisfy our increasing demands, government has had to borrow abroad—not just to finance valid outlays for capital goods ... but to pay for current consumption. In recent years we have required larger and larger budget deficits, excessive money and credit creation, just to achieve marginally positive real economic growth. Now—like a patient whose body has developed a tolerance for miracle drugs—we are finding that the traditional cure of stimulating the economy is no longer effective.

The solution to these problems is not easy–as we have seen from watching Mrs. Thatcher struggle with the United Kingdom economy. She is having some success at reducing inflation–from a peak of over 20 percent in the first half of the year, the rate has been steadily declining to under 15 percent. But the price for her country in terms of spiralling unemployment has been high–although the benefits of lower inflation should pave the way for renewed economic growth this year or next.

In November of last year, the United States elected a Republican President and Senate. While it is still too early to tell what ultimately will happen in the U.S., it is certain that Mr. Reagan will attempt to move his country to rely more on free enterprise and less on government.

This is not an easy task. Problems that have grown over a 20-year period cannot be eliminated overnight .... One hopes Mr. Reagan is a leader who can first of all elicit strong public support for his course of action–and then keep the public with him during the long and difficult time needed for the corrective action to take effect.

In Canada we are also attacking national problems with determination, but in a way that for me–and for a great many Canadians–is a major source of concern. For one thing, we are not approaching these problems through consensus–the traditional political process in Canada that is so essential for public support. Furthermore, we are pursuing economic policies that are at direct variance with the mood of many countries–most particularly the United Kingdom and the United States. Our tactics involve increasing doses of interventionism and centralized authority–while those of the United Kingdom and the U.S. are embracing policies of deregulation and free enterprise. Not only do I question whether Canada is following the right road–but I fear that international capital will flow from Canada to those other countries that are beginning to place greater emphasis on private sector solutions to the major economic problems of our times. Our present economic policies are bound to come into increasing conflict with the United States; what this will do to our bilateral relations remains to be seen.

If, as I have been suggesting, people in our major markets are now determined to rely more on their own efforts and less on government as a cure-all, then this is indeed a favorable sign for ManuLife. We are, after all, a company that caters to just such self-reliant people. In fact, the Company's record results for 1980 offer strong support for such a thesis.

Operating Results

Despite the clouded economic environment and its implications for the future, ManuLife entered the new decade with one of the most successful years in its history–a year of strong growth and achievement in all areas of operations.

The Company's marketing divisions produced an excellent 39 percent increase in the face amount value of total new sales during 1980. Of the record $5.2 billion in new business for the year, Individual sales accounted for $4.8 billion–a gain of 33 percent–while the Group organization increased its new sales significantly from $149 million in 1979 to $415 million last year.

Life insurance in force exceeded $25 billion at year-end–$20 billion in Individual policies, and $5½ billion in Group contracts. Premium income for 1980 increased by 22 percent overall ... and our total assets increased by 18 percent to $5.9 billion during the year.

Another leading measure of operating success for a life insurance company is its ability to invest policyowner funds for maximum return consistent with safety–particularly when markets are extremely turbulent, as they were last year. During 1980, ManuLife's Investment division performed well under these circumstances. As a result, the net rate of interest earned on invested assets rose 108 basis points to 9.88 percent for the year.

This year we have added to our Annual Report a Statement of Changes in Invested Assets. The most important point to be noted from this statement is the degree to which the Company trades its bonds and stocks in order to improve yield and quality. For example, last year the Company bought $3.2 billion and sold $2.7 billion of bonds, and bought $578 million and sold $551 million of stocks.

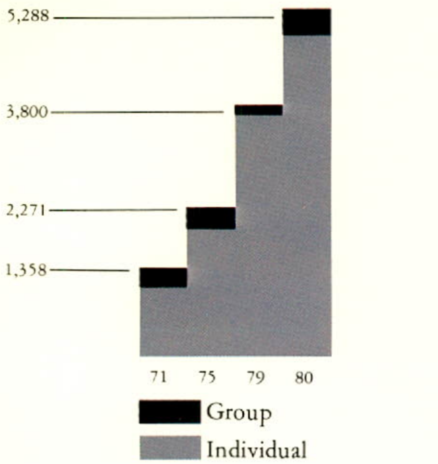
Because of the rapid growth and complexity of our business, and because we are planning to enter the Group Accident and Health business in 1981, our staff is growing significantly. In the two years 1980 and 1981, our Head Office staff will increase by 20 to 25 percent. During 1980 our expenses increased by 14 percent–but in view of our growth in new business, our planning for Group health, and a high level of inflation, we feel this increase is reasonable–particularly as much of it is an investment in the future. Indeed, most of our productivity ratios improved during the year.

"Our primary objective ... is to provide participating insurance at the lowest possible cost, commensurate with reasonable service."

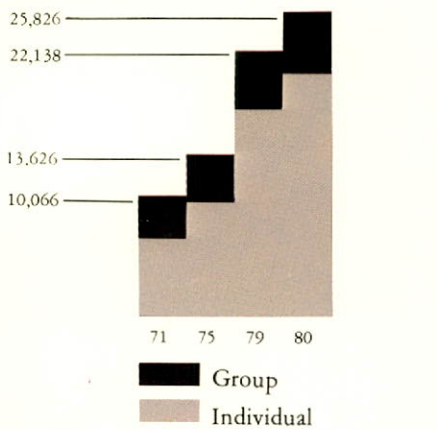
The net result of all these factors was an increase in our operating income from $53 million in 1979 to $87½ million last year. An important component of this increased operating income was the earnings of our non-participating Individual insurance business. ManuLife has a large block of this business which, with the improving mortality and higher interest rates of recent years, is generating increasing profits. As I have said at previous annual meetings, the objective of ManuLife–a mutual insurance company–is not to maximize our operating income, but rather to ensure that it is sufficient to provide an adequate increase in surplus funds, while meeting our primary objective. And that is to provide participating insurance at the lowest possible cost, commensurate with reasonable service. Thus, if we feel our operating income is tending to become higher than necessary, and is likely to continue at those higher levels, we will increase our dividends on participating policies.

It was this guiding principle that prompted us to declare, for dividends payable in 1981, the largest scale increase in our history. While in previous years our dividend increases have been primarily a result of improved investment earnings combined with good control of unit expenses, this year we made a specific

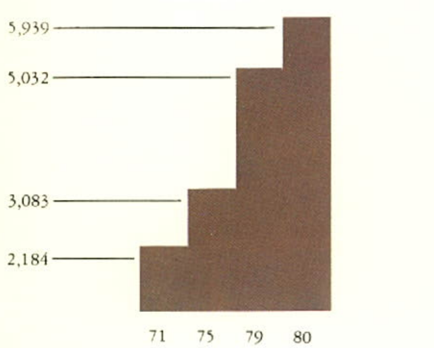
New Life Insurance Sales (millions of dollars)



Life Insurance in Force (millions of dollars)



Total Assets (millions of dollars)



addition to our dividends from the profits of our non-participating business.

In addition, we made a decision about our non-participating business that is a first in the industry. Because interest rates have increased beyond what might have been reasonably expected when these policies were first issued, we decided to improve the death benefits payable under non-participating policies issued prior to 1965. Consequently, some 35,000 policyowners in Canada and the United States have now been notified that the original death benefit of their policy has been substantially increased–with no increase in premium. The reaction from these non-par policyowners–and from our field force–has been extremely favorable, as you might expect. We are now exploring the possibility of making similar improvements in non-par policies issued outside North America.

"...The strongest possible demonstration both of our desire to serve all policyowners on an equitable basis–and of our ability to do so."

I am very pleased with our leadership in taking this initiative. I believe it is the strongest possible demonstration both of our desire to serve *all* policyowners on an equitable basis–and of our ability to do so.

Investment Activity

Nineteen-eighty gave no respite from the extremely volatile investment environment witnessed over the past few years. Interest rates, particularly in North America, experienced unprecedented movement throughout the year as record levels were reached. Serious concern was expressed during 1980 for the future viability of long-term debt markets, and investors are altering traditional lending patterns as a result of the persistently high-level rates of inflation.

A brief review of rates in 1980 will put into perspective the problem faced by borrowers and lenders alike. Short-term rates moved up early in the year from a broad level of 13 percent to over 18 percent. Subsequent to the credit control policy adopted by the United States monetary authorities, these rates fell drastically to well under 10 percent–only to climb back in rocket-like fashion to over 20 percent after the relaxation of controls.

Long-term rates, while not quite as volatile, were not immune from unprecedented moves; in fact, a typical long-term U.S. Government bond fluctuated violently between a high of 105 and a low of 80 during the year. Obviously, this extreme volatility cannot be allowed to continue without having serious consequences on the behavior patterns of investors.

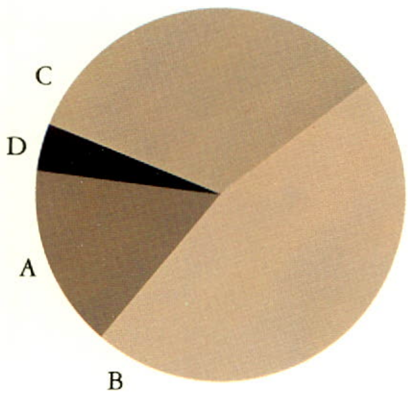
Given the uncertain outlook, ManuLife is maintaining a higher than normal short-term investment position, and we expect this to continue until there is a clear sign of abatement in the rate of inflation.

Despite last year's uncertainty, the major stock markets in which the Company invests were quite strong in 1980, primarily in the resource sector. The Toronto Stock Market gained 25 percent... New York, as measured by the Standard and Poors Index, rose 27 percent... and London gained 15 percent.

We continued to disinvest in the Canadian market, and over the year added somewhat to our United States and United Kingdom portfolios. At the moment our prime concern in the Canadian market is the negative effect the Federal Government's National Energy Program is having on the investment outlook in the oil and gas industry.

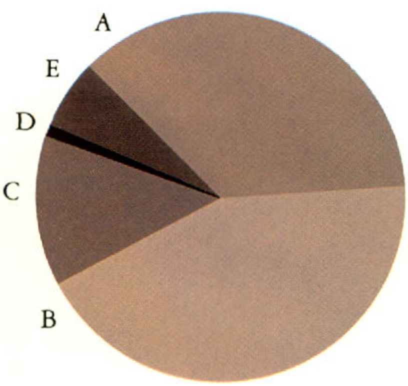
The demand for mortgage funds dried up completely during the first and last quarters of 1980, as record levels were reached for interest rates. Throughout the year we made mortgage approvals of $121 million in Canada, and $80 million in the United States. Our current policy is to shorten the term on the mortgage portfolio, and to seek some further participation in the income growth of those projects we are funding.

For real estate–our most visible investment activity–1980 was a very active year. Construction was completed on three commercial developments in the Chicago area totalling over half a million square feet, 1980 Sources of Income



A	Premium income, Group products	16%
B	Premium income, Individual products	47%
C	Investment income	33%
D	Other income	4%

1980 Disposition of Income



A	Benefits paid or credited to policyowners including policyowner dividends	36%
B	Reserves for future benefits	44%
C	Operating expenses	13%
D	Income taxes	1%
E	Operating income	6%

and these projects are currently in the rental phase. In Calgary, a joint venture project of 125,000 square feet was completed and rented. Construction also began in 1980 on three additional projects in Los Angeles, Montreal and Edmonton. Combined, these three projects represent an investment of approximately $200 million of policyowner funds.

In addition, to accommodate our growing Head Office staff, we will start construction this spring on a 13-storey, 350,000 square foot addition to our Head Office.

I mentioned earlier that our net rate of interest increased by over one percentage point to 9.88 percent last year. Unlike American insurance companies, Canadian companies–as a result of changes in Canadian law–bring into income and into their interest rate 7 percent of the realized and unrealized capital gains on our common stock holdings. We showed substantial gains on our stock account last year–the unit value of our American common stock holdings increased by more than 50 percent, for example. These gains were a major component of the 1.08 percent increase in our interest rate. The other major contributors were bonds and short-term deposits.

"I believe we have one of the strongest investment portfolios of any life insurance company in North America. . . ."

In summary, our philosophy of trading our securities in a constant search for the best relative values in the market has stood us in remarkably good stead in the past few years of erratic markets. Our investment earnings are increasing rapidly, but not at the expense of the quality of the underlying assets. I believe we have one of the strongest investment portfolios of any insurance company in North America, and one of the few where the market value is in excess of the book value. This, it should be remembered, is for the benefit of the Company's participating policyowners.

Group Operations

At last year's Annual Meeting, I reported that ManuLife had made the decision to enter the Group health insurance market in Canada. This decision to complete the Company's portfolio of Group products was made to support our intention to grow significantly over the next decade in the employee benefit field.

During 1980, the recruitment of key people to develop the Company's new life and health product portfolio was completed. The design and programming of a sophisticated computer-based administration and client service system is proceeding satisfactorily. The plans for the development of training and market support for our field force are proceeding as a joint project of the Canadian Division and the Group Division. We are confident that this mammoth development project will be completed during 1981, and will result in a significant flow of Group life and health business.

The Company continued during 1980 to strengthen its sales and service capacity by adding representatives to the Group Field Offices in Canada, and by opening two new offices in the United States to bring the number of Group Field Offices there to four. Our Group pension business–measured both by number of cases sold and by total pension premium income–showed strong growth.

One of the major criticisms of the private sector is that smaller companies rarely have adequate pension benefits for their employees. As a company which specializes in providing a complete range of pension services for small employers, ManuLife has a great interest in helping to overcome this shortfall. All the planning and strengthening of our Group organization over the past 18 months will place us in an excellent position to meet the increased public pressures for pension services in the years ahead.

ManuLife's achievements of 1980 have indeed been substantial, and I wish to acknowledge with deep gratitude the contributions made to the year's results by the men and women of our worldwide staff and field force. Faced with an environment of rapid growth, increasing complexity and continual change, ManuLife's people are responding in positive, enthusiastic and innovative ways to the emerging challenges of the new decade. I would like to express—both personally and on behalf of the Board of Directors—the Company's thanks to its people for their efforts during the past year. Their proven skills, integrity and dedication will, I am confident, ensure our continued ability to respond successfully to the constantly changing environment in future years.

This month, George Quigley retires from the Company's Board of Directors, thus concluding a most distinguished career spanning 44 years with ManuLife. George brought a fresh perspective to the deliberations of the Board, and he will be missed.

Regulatory Environment

In my opening remarks I referred to the election of Mr. Reagan as the start of a move toward greater reliance on free enterprise and the deregulation of industry in the United States. This trend has particular significance for American financial institutions, which are such key factors in the free market system. For example, an important reason in my view for the low rate of personal savings in the U.S. is the inability of financial institutions to adjust to current economic conditions because of the massive and restrictive regulations governing these institutions.

". . . Over-regulation not only kills innovation—it can severely damage the credibility of the institutions in the eyes of the public."

This high degree of regulation inhibits innovation even in the most stable economic environment. But in periods of great instability such as we are experiencing now, over-regulation not only kills innovation—it can severely damage the credibility of the institutions in the eyes of the public.

The difference between the comparatively open regulatory climate for insurance in the United Kingdom, for example, and the extremely close regulation of the industry in the United States is quite marked, and the effect on investment results is striking.

For a company like ManuLife, the greatest opportunity for exercising our full investment capabilities is in the United Kingdom where there is considerable regulatory leeway. Companies in the U.K. are able to invest their policyowner funds with almost complete freedom. This means they can develop products to meet almost any situation or market—secure in the knowledge that they can invest their funds appropriately to meet changing circumstances. Consequently, the British life insurance industry—with a most commendable safety record—has been able to adapt remarkably well to an economic environment which, with its high rates of inflation, would be regarded in North American terms as distinctly hostile to life insurance.

In the United States, however, we have the opposite extreme. The insurance industry in the U.S. is very closely regulated—I would have to say over-regulated. As a result, the companies are highly restricted in how they can react and adapt to adverse economic pressures such as prolonged high inflation. That sort of regulatory constraint is perhaps appropriate—or at least tolerable—in an era of financial stability and minimal inflation. But of course those conditions don't exist today, nor have they existed for some years. And yet the regulations prevail—outmoded, inappropriate, and creating a Catch-22 situation which grows worse by the week.

There are many examples I could cite: the 8 percent interest limitation on policy loans . . . the detailed approval required by 50 states for the wording of every insurance contract . . . the laws on non-forfeiture values . . . the regulatory overkill of unit-linked life insurance by 50 state insurance commissioners, 50 state security regulators and the Federal Securities Exchange Commission . . . and the restrictions on real estate and common stock investments. These are probably the most flagrant examples.

In Canada, we have a considerably more favorable regulatory environment —somewhere between the relative freedom of the U.K. and the close supervision of the United States. The Canadian regulatory process is really quite willing to facilitate progressive change. The problem is often a matter of timing when we come across an investment opportunity that is not permitted by regulation. Even though the authorities show a willingness to change the rules—by the time it's done, the opportunity has often passed us by.

Obviously, the chaotic economic environment in which North American life insurance companies operate today bears little relation to the halcyon days for which our supervisory regulations were originally designed. At present, this discrepancy is in the nature of an inconvenience. As the gap widens, however, as seems inevitable, it will loom as a major operating problem for the companies, who will be increasingly less able to adapt for growth and survival.

Given a proper, positive regulatory environment, the life insurance industry is capable of achieving increased benefits—not only for itself and its policyowners—but also for the overall capital formation system which is the lifeblood of our economy.

Because ManuLife is an international company, we have opportunities and broad experience in a variety of markets not available to most American life insurance companies. But to a frustrating extent, we are prevented from capitalizing on many opportunities in the United States by regulations which could not have foreseen today's economic environment, or our increased need to respond to it.

Clearly, there is a real opportunity here for the supervisory authorities and the life insurance industry in North America to review and to rethink the laws under which we operate. A more enlightened approach can only benefit everyone concerned. In the United States, talk of reform has now commenced—but I fear it will take most of the decade of the 1980's before we see significant improvements.

In sharp contrast to this somewhat gloomy outlook, the Officers and Directors of the Company are optimistic that ManuLife will continue to show the highly satisfactory progress I have been pleased to report upon today, and to provide improved products and services to a growing number of ManuLife customers.

E S Jackson

E. S. Jackson
President

"Canada is a nation that relies heavily on its international trade and its exports," emphasizes Jim Robertson, ManuLife's Executive Vice President. "But not many people think of life insurance as an export, or realize just how much Canadian life insurance is 'exported' to other countries."

The figures are substantial. Over two million people in more than 20 different countries outside Canada own policies with Canadian life insurance companies. These policies provide coverage in local currencies equivalent to 93 billion Canadian dollars. During 1979 their owners paid $1.8 billion in premiums to Canadian companies. Almost a quarter of those premiums–$428 million–were paid to ManuLife, Canada's second largest exporter of life insurance. While most of this amount came from the huge United States market, more than one-fifth of it was paid by policyowners outside North America.

ManuLife's presence in the international marketplace dates from 1893 when its first "foreign" policy was sold in Bermuda. The company now operates two separate marketing organizations outside North America which together account for almost 20 percent of all new life sales. The International Division, under Vice President John Kosiancic, maintains 11 offices in the Far East, the West Indies and the Middle East. The self-contained United Kingdom Division is headed by Vice President and General Manager John Clark; its 22 branches in England, Scotland and Northern Ireland are supported by a Chief Office in Stevenage, near London.

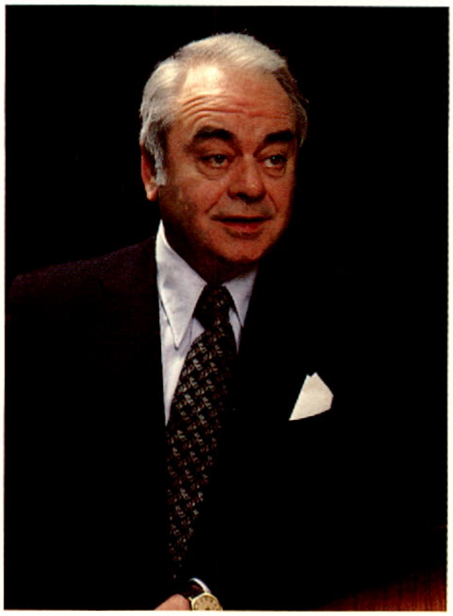
"ManuLife is very much an international company," Jim Robertson comments, "and we feel this gives us some definite marketing advantages. It exposes us to many of the best marketing ideas which we can adapt to other territories, for example. In much the same way, a global perspective is very important to our investment operation, and helps to keep our products competitively priced. And the international flavor makes ManuLife an interesting place to work–it helps develop some very capable people."

In John Kosiancic's far-flung International Division, markets range from dynamic, booming Hong Kong to the relative tranquility of the Barbados. What common factor links ManuLife's branches in each of these places? "Without question, it's the quality of our people," John replies. "That is what has made us quite well known as an international company in the overseas markets."

John Clark agrees: "You know, we do have a darned good reputation in the United Kingdom, just as we do in every other place we do business. It's not that we have a rigid way of doing things–but we have this philosophy or standard of ethics, if you will, that comes through wherever we operate."

The philosophy John refers to is part of the "North American agency system"–a system that ManuLife has successfully built into its overseas operations for many years. Outside North America, life insurance is marketed by largely unstructured methods. Agents usually sell on a part-time basis; consequently their training is often minimal, and few countries require any form of agent licensing. Local life insurance companies rarely support an "agency force"–a group of agents affiliated with a specific company and selling its products on a full-time basis.

The North American agency system, by contrast, has a strong company-agent relationship as its basis. ManuLife agents, for example, work full-time for the company, sell its products almost exclusively, and are supported by company-produced training,



Executive Vice President Jim Robertson: Canada's second largest exporter of life insurance, "ManuLife is very much an international company with some definite marketing advantages."

educational and sales materials. The ManuLife agent is a "career" agent who adheres to a high level of professional ethics and concern for the needs of the policyowner.

It is this concept of the professional career agent by which ManuLife has consistently operated in the international marketplace. A measure of its success is the fact that there is now a significant trend among British life insurance companies toward a career agency operation. "It's quite fascinating," John Clark says, "to have been part of ManuLife's pioneering effort in the U.K., and now to see the North American system being adopted by more and more of the British companies.

"What these companies are realizing, of course," he adds, "is that agents like ours–full-time, trained life insurance salesmen–are probably better placed to sell life insurance than the part-timers. What's more, the training we provide makes our agents highly qualified to sell to above-average customers: professional and self-employed people, small business owners, and so on. These are the people we sell to, and we do it by finding out what their needs are, then selling to them properly and doing a pretty good service job."

On the other side of the world, exactly the same principles apply to ManuLife's Hong Kong organization, according to Agency Vice President Ray Bray.

"ManuLife has been in Hong Kong for a long time–since 1898, in fact," Ray says. "In its early stages, the branch was built by people who insisted that the standards to which we were accustomed in North America would be the standards by which we would operate in Hong Kong. As a result, we developed a very solid base, a very sophisticated marketing organization relative to our competition. This has let us capitalize on recent changes in the market, so that we are now the dominant life insurance company in Hong Kong, with approximately a 40 percent share of the market."

How has the Hong Kong market changed? "We sell to the Chinese community of just under five million people," Ray explains. "Traditionally, the Chinese have looked upon the family as a source of lifetime security, particularly in old age. But today the old extended type of family is giving way to the smaller, nuclear family concept. Young people are more

ManuLife's International Marketing Organization

highly educated, they're striking out on their own. This creates very strong needs for life insurance.

"Because of our favorable position in the Hong Kong market," Ray continues, "our General Manager, Dave Hancock, has been able to build on those trends very strongly. As a result, Dave and his associates in Hong Kong sell more life insurance than any other branch office in the company."

ManuLife is welcome in foreign markets because of the example it has set over the years, combining good corporate citizenship and strong concern for the policyowner. "For example," says Ray Bray, "people I've talked to in the Philippines have a tremendously high regard for ManuLife, for our General Agent Bob Morris, and for the work Bob has done in developing a very ethical and successful group of agents.

"The same is true throughout the Caribbean," Ray continues. "In the Barbados, for instance, our manager Marcus Jordan is a very well regarded person, a former Director of Tourism. As a result of his presence, we've been able to attract some good people into the business."

ManuLife's branch in Israel, recently reopened after a hiatus during the Middle East conflict, operates on a different system but is equally policyowner oriented. "Our manager Mirella Benzimra is a very dynamic person," Ray says. "Instead of agents, she has developed a staff of six female salaried sales representatives who are doing a fine job indeed."

This concern for policyowner welfare extends equally to those territories where ManuLife was once active, but no longer writes new business–countries like Cuba, Egypt and Haiti. "We feel it's important to continue to meet our obligations, wherever they are," says John Kosiancic. "In fact, this was a major factor when we re-entered Singapore last year–the local monetary authorities knew we had continued to service our Singapore policyowners after we stopped doing business there some years ago. Now we're back in Singapore on a subsidiary partnership basis, and we're confident about the future of the arrangement."

ManuLife's concern for business ethics and for its policyowner obligations was noted some years ago by the Chinese author and philosopher Lin Yutang in his book "China Speaks–With a Smile." He referred to the Bank of England, the British General Post Office and the Manufacturers Life Insurance Company as being "all so decent–so inevitably decent."

"And that," says Jim Robertson, "is a reputation you work very hard to protect."

Vice President John Kosiancic: Quality people building International Division markets in the Far East, the West Indies and the Middle East.

Vice President and General Manager John Clark: Introducing the North American agency system to above-average markets in the United Kingdom.

"From its inception, ManuLife has been an international company," says Tom Di Giacomo, Senior Vice President in charge of investments. "As a corollary to selling life insurance worldwide, the company has developed investment portfolios in the various countries where it operates."

Generally speaking, these assets cover policyowner liabilities, as required by local laws, and may also include a portion of the company's surplus funds which are invested on behalf of its worldwide participating policyowners. "We've always maintained active management of these international portfolios," Di Giacomo says. "But it wasn't until the birth of the Euro Dollar market in the mid-1960s that we adopted a global strategy for our international investments outside North America."

The Euro Dollar market allowed corporations and governments to raise debt capital by floating bond issues in Europe; in turn it offered foreign buyers a place to invest the large amounts of "offshore" U.S. currency–plus significant tax advantages.

"As we became more active in the Euro market," Di Giacomo continues, "we felt that the best way to run an international investment operation was on a centralized, global basis. We decided to do this from London because it is recognized as one of the major global international financial centers–both in investments and in banking–plus the fact that we had run a domestic U.K. investment office there since 1949."

The London office was renamed the ManuLife International Investment Office in 1975. As such, it is responsible not only for the domestic U.K. investment portfolio (mortgages, real estate, bonds and stocks) –but also for the company's investments in the Philippines, Cyprus, Israel, Hong Kong and Singapore; for the most part, these investments are in local currencies and support the insurance operations and liabilities in each of these territories.

There are two major aspects of ManuLife's international investing: first, as described above, is the investment of funds in a country to meet legal or regulatory requirements, or because of exchange controls; and second, the investment of funds in a country by free choice. In this latter situation, the London office also manages a truly international fund of bonds and stocks on behalf of all policyowners which seeks the best relative markets and currencies at any given time. This investment operation is under the direction of Joe Mounsey, Financial Vice President and Investment Manager for the United Kingdom, who has a staff of just under 20 people.

"We have fairly active communication between London and Toronto," comments Joe Mounsey. "In London we have access to more international investment information and research, and we're in touch with Toronto on the major market swings and currency outlooks because we like to keep all the portfolios–North American and international–moving in the same general direction."

(Above) Tom Di Giacomo, Senior Vice President: "Our international operation gives us a 'window on the world' that broadens our opportunities. That's what investment is all about."

Opposite page:

(1) Joe Mounsey, Financial Vice President and Investment Manager for the United Kingdom.

(2) Bond Portfolio Managers Richard Bowles and Loraine Pinel share research data on fixed income investments.

(3) A ManuLife International Investment Office strategy meeting (from left) Michael Mullaney, Investment Assistant; Richard Crook, Assistant Investment Manager; Gordon Watterson, Estates Surveyor; Garry Hope-Murray, Portfolio Manager—U.K. Equities; Martin Lovick, Estates Surveyor.

What are the main advantages of having a London-based international investment operation? "First and most important, it provides us with a European perspective," Di Giacomo answers. "North American investors tend to be somewhat insular, but the world is becoming more closely integrated all the time. We feel we just can't afford to be unaware of what's happening in the rest of the world. At the same time, we need to know how the rest of the world views what's happening on this continent. Our London operation gives us that two-way perspective."

And if an institution is an active investment trader, as ManuLife is, the unsynchronized patterns of the major world markets offer another advantage–timing –which can benefit the international investor. "This means that we're not restricted merely to moving funds from one sector to another in a specific market," Mounsey explains. "We also have the extra option of structuring portfolios by choice of country and currency."

This global accountability entails substantial amounts of travel for members of the International Investment Office. The senior stock and bond traders come to the company's Toronto head office regularly. Joe Mounsey visits Hong Kong and the Philippines twice a year, perhaps with a side trip to Singapore. The equities people will visit contacts in Europe and New York, while a sweep of the Far East may include a trip to Tokyo to research Japanese stocks.

There is no doubt that its international investment perspective has substantially benefited ManuLife's policyowners. "Our experience of operating an investment portfolio in a highly inflationary economy like the United Kingdom," explains Di Giacomo, "enabled us to foresee a similar situation developing in North America and to take a defensive position–particularly in the fixed income areas.

"From an investment viewpoint," he concludes, "our international operation gives us a 'window on the world' that we wouldn't otherwise have. It broadens our scope, our horizons–and therefore broadens our opportunities. I think that's what investment is all about, particularly as the world becomes a more closely-knit community."

"A critically important lesson of the 1970s has been that if a corporation is to survive and flourish, it can't afford to let the future just 'happen' to it," says ManuLife President Syd Jackson. "We may not be able to control future events–but we *can* prepare to meet them on the best possible terms through the disciplines of planning and control."

ManuLife's commitment to corporate planning grew out of the rapid series of "future shocks" experienced by virtually all companies during the last decade. The unprecedented turbulence and change of the Seventies made it clear that it was no longer possible to steer a safe course into the future by gazing in the rearview mirror. "We had to start looking ahead, looking outward, taking in a broad horizon," says Syd Jackson.

A life insurance company is future oriented by virtue of its long-range commitments–albeit within a rather narrow spectrum. As a prerequisite to adopting a much broader look at the future, ManuLife began about five years ago to come to grips with the operational aspects of planning and control.

"Operational planning deals with the day-to-day running of the company, the detailed execution of plans," says Diane Schwartz, Assistant Vice President in charge of planning and research. "Specifically, we developed a company-wide annual planning and budgeting process. This was aimed at improving productivity, containing expenses, refining measures of performance and managing major developmental projects."

It took time and determination–a corporation does not change its established lifestyle quickly or easily. But results showed the effort was paying off: "We became more comfortable with annual planning and budgeting," says Syd Jackson, "and our house is now in reasonable order. This has been a contributing factor, together with our investment performance, in the improvement in our scale of dividends to policyowners over the past few years."

As its people became more familiar with the operational process, ManuLife began to extend its one-year planning horizon toward the development of five-year plans for each of its major individual insurance businesses in Canada, the United States, the United Kingdom and the International Division, plus the Group organization. Essentially, these plans reflected "business as usual" with no dramatic changes in direction or emphasis. But even so, it was obvious that there had to be an overall context–a long-range master plan for ManuLife as a whole–before realistic five-year business plans could emerge.

"We realized that we had to develop a corporate perspective," comments Syd Jackson, "by looking outward, as a total company, at the world as it will be 10 years from now, and deciding what our long-range corporate objectives should be." The Corporate Planning Committee, made up of the senior executives and chaired by the President, was formed to provide this broad, overall direction.

"The mandate of the Corporate Planning Committee is to take the long-range view," says Diane Schwartz, who serves as a staff consultant to the group. "It goes beyond five years, beyond business as usual, beyond current constraints. It attempts to look at ManuLife in the broadest possible terms– as a financial institution operating in the financial services industry, not just as a life insurance company serving a marketplace with a broad and complex range of financial needs. In this way we can better decide if we want to remain in our traditional market segment, or perhaps expand into some new and different areas."

(Above) Assistant Vice President Diane Schwartz: "A radically different perception of the environment around us, who our competitors are, and our potential as a corporation."

Opposite page:

(1) ManuLife senior executives review corporate planning issues with consultant Mike Ross (seated center) of Peat, Marwick & Partners (from left): Vice President Elvon Harris, Senior Vice President and Chief Actuary Robin Leckie, President Syd Jackson, Vice President Brian Buckles.

(2) Manpower planning is discussed by Administrative Vice President Sy Landau (left) and Ron Shulman, Director, Organization Development and Staffing.

(3) Senior Vice President Joe Davin (left) outlines 1981 plans for the Group organization to plan reviewers (from right) Zane Stait-Gardner, Vic Apps and Bob Cook.

This exercise has developed a completely new perspective, Diane points out: "We now have a radically different perception of the environment around us, who our competitors are, and our potential as a corporation."

To date, the Committee's activities have centered on a series of long-range studies of external North American environments: economic, political, legislative, social and demographic. Major research on the financial services industry and its future trends was also carried out by consultants Peat, Marwick & Partners in Canada, and SRI International in the United States.

When its year-long study is completed in 1981, the Corporate Planning Committee will have begun to seriously explore the broad basic questions: What should ManuLife's business orientation be? What opportunities are there for possible future development? How should these translate into target markets, products and distribution systems, financial structure, organization and people? The answers will help shape a comprehensive series of corporate action plans to unfold over the next 10 to 15 years.

Is ManuLife more active in planning than most life insurance companies? "We're not ahead of the pack," Diane smiles. "But I think it's fair to say that we're among the insurance industry leaders in trying to evaluate our futures objectively and in the broader context." She feels ManuLife is well positioned to do this since it is financially strong, with excellent market penetration and new business growth rates above the industry. "Having a corporate strategic plan in place will help us to provide meaningful direction to our current businesses, to selectively expand and diversify where appropriate, and to respond as circumstances change and new opportunities present themselves," Diane concludes. "And we can be more confident that what we do will be consistent with the company's long-range objectives."


1
3
NAL PLANNING & BUDGETING GUIDE
Appointments
LIFE
URANCE
SONY
DC-30
The American Council of Life

Board of Directors

E. S. Jackson*
President

Gail C. A. Cook, Ph.D.
Economic Consultant
Toronto

R. E. Cross, J.D., L.H.D., LL.D.*
Cross, Wrock, Miller & Vieson
Detroit

Robert Després, O.C.
Chairman
Atomic Energy of Canada Limited
Ottawa

J. S. Dewar*
President
Union Carbide Canada Limited
Toronto

L. Y. Fortier, Q.C.*
Ogilvy, Renault
Montreal

J. W. Kerr*
Consultant and Director
TransCanada PipeLines
Toronto

Hon. D. S. Macdonald, P.C.
McCarthy & McCarthy
Toronto

Senator E. C. Manning, P.C., C.C., LL.D.
Chairman
Manning Consultants Limited
Edmonton

D. S. McGiverin*†
President and Chief Executive Officer
Hudson's Bay Company
Toronto

R. I. Nelson
Chairman and Chief Executive Officer
British Columbia Packers Limited
Vancouver

G. N. Quigley, Jr., C.L.U.
President
Management Development Services Inc.
Los Angeles

J. M. Robertson, C.L.U.
Executive Vice President
ManuLife
Toronto

W. S. Robertson†
President and Chief Executive Officer
Maritime Telegraph & Telephone Company
Halifax

Arthur J. R. Smith, Ph.D.†
President
National Planning Association
Washington

George Williams*
Toronto

*Executive Committee Member
†Audit Committee Member

Executive Officers

E. S. Jackson
President

J. M. Robertson, C.L.U.
Executive Vice President

J. L. Davin
Senior Vice President

T. A. Di Giacomo
Senior Vice President

R. B. Leckie, F.S.A., F.C.I.A.
Senior Vice President and Chief Actuary

D. J. Breithaupt, M.D., D.P.H., F.R.C.P.(C)
Vice President and Chief Medical Director

B. H. Buckles
Vice President

J. E. Clark, F.L.M.I.
Vice President and General Manager
United Kingdom

L. E. Harris, C.L.U.
Vice President

J. M. Kosiancic, C.L.U.
Vice President

D. R. MacLeod, F.S.A., F.C.I.A.
Vice President

E. H. McVitty, Q.C.
Legal Vice President and Secretary

Your Directors are pleased to present the Company's 94th annual report to policyholders, together with the reports of the valuation actuary and the auditors. Highlights of the year ended December 31, 1980 are shown in the accompanying table, with comparative results for 1979.

Large Increase in New Business

ManuLife experienced substantial growth in all major lines of business during 1980. Sales of individual life insurance and annuity products remained particularly strong. New premiums from insurance rose by 22% and from annuities by 28%. Total sales of Individual and Group life insurance provided policyholders with new coverage of $5.3 billion, an increase of 39% over 1979 sales.

Business in Force Exceeds $25 Billion

The increased sales of new life insurance, combined with successful retention of existing business, produced an increase of 17% in the Company's life insurance in force during 1980. Insurance coverage in force at year-end was $25.8 billion, made up of $20.3 billion of Individual policy amounts and $5.5 billion under Group contracts.

Total Revenue of $1.5 Billion

In 1980, total revenue was $300 million higher than in 1979, an increase of 25%. The year's revenue included $504 million of investment income and $952 million of premium income.

Continued Growth in Payments to Policyholders

Payments to living policyholders rose by 14% during the year, reflecting larger payments to ManuLife annuitants, as well as increased maturity and surrender values paid out under insurance contracts. Death claims were slightly above normal in 1980.

Dividend Payments Increase

Dividend payments to policyholders were 17% larger than in 1979. In addition, the 20% increase in provision for 1981 dividends reflects the significant improvement made in the dividend scales for 1981 in most territories.

Strong Growth in Investment Income

The net rate of interest earned on invested assets rose 108 basis points to 9.88% in 1980. Almost half the increase resulted from bringing into income a portion of the gains in stocks. Investment income is $504 million, an increase of 28% over the previous year's result.

Record High Operating Income

ManuLife's operating income, excluding unusual items, increased to $87.5 million during the year. This result is a reflection of the large growth in investment income, improved expense performance and the high level of new business.

Strength and Safety

After providing for all policyholder reserves and other liabilities, the appropriated surplus for investments and other contingencies amounted to $312 million and the Company's unappropriated surplus amounted to $352 million, an overall increase of $90 million.

Assets Increase to $5.9 Billion

At the end of 1980, the assets of the Company were $5.9 billion, an increase of 18% over the previous year's assets.

The Directors wish to express to the Company's Managers, Representatives and Head Office and Branch Office staffs their appreciation for the hard work and dedicated services which are reflected in the excellent results of the year under review.

All of which is respectfully submitted.

E. S. Jackson

Toronto, Canada
February 19, 1981

E. S. Jackson
President

Consolidated Balance Sheet

1980 Annual Report
The Manufacturers Life Insurance Company

as at December 31, 1980 (with comparative figures as at December 31, 1979)

ASSETS	1980	1979
	($000's Omitted)	
Government Bonds	$ 965,516	$ 788,098
Corporate Bonds	1,681,874	1,429,349
Preferred Stocks	40,636	30,148
Common Stocks	391,241	343,976
Mortgages	1,209,835	1,071,067
Real Estate Held for Investment	490,470	447,668
Office Premises	23,437	23,239
Policy Loans	402,767	327,922
Cash and Short-Term Deposits	71,823	79,727
Segregated Funds' Assets (Note 5)	473,291	388,113
Accrued Investment Income	86,732	69,581
Outstanding Premiums	23,552	21,140
Other Assets	77,503	11,550
	$5,938,677	$5,031,578

E S Jackson — On behalf of the Board — James M. Robertson

E. S. Jackson
President

J. M. Robertson
Executive Vice President

Auditors' Report to the Directors and Policyholders

We have examined the consolidated balance sheet of The Manufacturers Life Insurance Company as at December 31, 1980 and the consolidated statements of operations, surplus and changes in invested funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the opinion of the company's valuation actuary as to the amount of the company's insurance and annuity reserves and other actuarial liabilities.

In our opinion, based on our examination and the opinion of the company's valuation actuary, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its invested funds for the year then ended in accordance with the accounting principles described in note 1 applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 26, 1981

Clarkson Gordon
Chartered Accountants

LIABILITIES		1980	1979
		($000's Omitted)	
Insurance and Annuity Reserves (Note 6)		$4,305,407	$3,653,498
Policy Benefits in Course of Settlement and Provision for Unreported Claims		37,418	29,449
Amounts on Deposit		201,219	184,108
Provision for Dividends to Policyholders		75,565	63,006
Company Retirement Plans (Note 7)		91,968	85,675
Segregated Funds' Liabilities		469,017	386,375
Other Liabilities		93,784	55,302
Appropriated Surplus (Notes 8 & 9)		312,439	255,130
Unappropriated Surplus (Note 9)			
General Funds	$347,586		
Segregated Funds	4,274	351,860	319,035
		$5,938,677	$5,031,578

The accompanying notes are an integral part of these consolidated financial statements.

Valuation Actuary's Opinion to the Directors and Policyholders

I have made the valuation of the insurance and annuity reserves and other actuarial liabilities of The Manufacturers Life Insurance Company for its consolidated balance sheet at December 31, 1980 and its consolidated statement of operations for the year then ended.

In my opinion (i) the valuation for The Manufacturers Life Insurance Company conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries, (ii) the amount of the actuarial liabilities makes proper provision for the obligations payable in the future under the Company's policies, and (iii) a proper charge on account of those liabilities has been made in the statement of operations.

Toronto, Canada
January 23, 1981

R. B. Leckie, F.S.A., F.C.I.A.
Senior Vice President and Chief Actuary

Consolidated Statement of Operations

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980 (with comparative figures for 1979)

REVENUE	1980	1979
	($000's Omitted)	
Insurance Premiums	$ 395,152	$ 347,117
Annuity Premiums	493,700	388,969
Segregated Funds' Premiums	63,174	44,142
Investment Income less Investment Expenses– General Funds (Note 3)	470,520	364,131
Investment Income less Investment Expenses–Segregated Funds	33,002	28,638
Net Realized and Unrealized Capital Gains from Segregated Funds	51,207	30,558
Other Revenue (Note 9)	7,765	4,938
	$1,514,520	$1,208,493

DISPOSITION OF REVENUE		
To Policyholders and Beneficiaries		
Death and Disability Benefits	$ 95,724	$ 71,415
Maturity and Surrender Benefits	242,430	220,033
Annuity Payments	129,756	107,594
Dividends	59,915	51,175
Interest	21,458	17,635
Increase in Reserve to Provide for Future Benefits (Note 6)	586,086	492,021
Increase in Liability for Segregated Funds	79,787	17,858
General Expenses, Commissions and Taxes Other Than Income Taxes (Note 11)	194,471	170,560
	$1,409,627	$1,148,291
Operating Income Before Income Taxes	104,893	60,202
Income Taxes (Note 11)	17,350	7,340
Operating Income	87,543	52,862
Unusual and Extraordinary Items (Note 10)	2,591	45,051
Net Income	$ 90,134	$ 97,913

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Surplus

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980 (with comparative figures for 1979)

APPROPRIATED SURPLUS	1980	1979
	($000's Omitted)	
Appropriated Surplus at Beginning of Year	$255,130	$208,772
Transfer from Unappropriated Surplus	57,309	46,358
Appropriated Surplus at End of Year (Notes 8 & 9)	$312,439	$255,130

UNAPPROPRIATED SURPLUS	1980	1979
Unappropriated Surplus at Beginning of Year	$319,035	$267,480
Net Income	90,134	97,913
Transfer to Appropriated Surplus	(57,309)	(46,358)
Unappropriated Surplus at End of Year (Note 9)	$351,860	$319,035

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Invested Funds (excluding segregated funds)

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980 (with comparative figures for 1979)

SOURCES OF FUNDS	1980	1979
	($000's Omitted)	
Operations:		
Operating income	$ 87,543	$ 52,862
Add charges (credits) to operations not requiring cash–		
Increase in reserves to provide for future benefits	586,086	492,021
Depreciation on all real estate	4,183	4,114
Miscellaneous (net)	9,512	4,510
Total provided from operations	$ 687,324	$ 553,507
Investments sold, matured or repaid:		
Bonds	2,709,358	1,671,571
Stocks	551,360	312,100
Mortgages	81,285	80,466
Real estate	6,628	15,418
Total investments sold, matured or repaid	$3,348,631	$2,079,555
Policy loans repaid	60,075	47,046
Total sources of funds	$4,096,030	$2,680,108

APPLICATIONS OF FUNDS		
Investments acquired:		
Bonds	$3,189,700	$1,928,990
Stocks	578,329	325,659
Mortgages	218,816	202,871
Real estate	49,097	43,413
Total investments acquired	$4,035,942	$2,500,933
Policy loans made	133,365	99,887
Net increase (decrease) in short-term bonds	(63,294)	108,515
Increase (decrease) in cash and short-term deposits	(9,983)	(29,227)
Total applications of funds	$4,096,030	$2,680,108

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Significant accounting policies

The Manufacturers Life Insurance Company is registered under the Canadian and British Insurance Companies Act and that Act, administered by the Department of Insurance of Canada, governs its financial reporting. The accounting practices specified by the Act differ from generally accepted accounting principles primarily with regard to the accounting for income taxes, the valuation of investments and the treatment of currency translations. The more significant principles followed by the Company are set out below:

a) *Basis of Consolidation*
The Company consolidates the accounts of all its subsidiary companies and all significant inter-company balances and transactions are eliminated on consolidation.

b) *Bonds*
Investments in bonds are carried at average amortized cost plus or minus the unamortized balance of net losses or gains on the sale of such securities. The difference between the proceeds on the sale of a bond and its amortized cost is considered to be an adjustment of future portfolio yield, deferred on the balance sheet and amortized over the lesser of 20 years or the period to maturity of the security sold. The cost of bonds purchased prior to January 1, 1977 is defined as the lower of par or original cost.

c) *Common and Preferred Stocks*
Investments in stocks are carried at average cost plus or minus an adjustment account with respect to realized and unrealized gains and losses. Each year 7% of net realized and unrealized gains or losses flow into income. The adjustment account represents the unamortized balance of net realized losses or gains plus the portion of unrealized gains or losses which has been included in income in respect of the current and prior years.

d) *Mortgages*
Mortgages are carried at amortized cost less principal repayments plus or minus the unamortized balance of losses or gains on the sale of mortgages. The difference between the proceeds on the sale of a mortgage and its amortized cost is considered to be an adjustment of future portfolio yield, deferred on the balance sheet and amortized over the lesser of 20 years or the period to maturity of the mortgage sold.

e) *Real Estate*
Real estate held for investment includes ground rents and is carried at cost less accumulated depreciation and mortgage liabilities. Head Office premises are carried at cost less accumulated depreciation. Depreciation on buildings and improvements is provided under the sinking fund method. Under this method, depreciation is charged to income in amounts which increase annually, consisting of fixed annual sums together with interest compounded at the rate of 5% per annum, so as to fully depreciate the buildings and improvements over their estimated useful lives. Realized gains and losses on the sale of real estate are recorded in income as an unusual and extraordinary item.

f) *Policy Loans*
Policy loans are made to policyholders on the security of their policies in accordance with the provisions of their policy contracts. Policy loans are carried at their unpaid balance and are fully secured by the cash surrender value of the policies on which the respective loans are made.

g) *Segregated Funds*
Segregated funds are carried at market values. Payments from segregated funds are included under Disposition of Revenue.

h) *Other Assets*
Included in other assets is computer equipment which is carried at cost less accumulated depreciation computed on the straight line basis over 5 years. Furniture and other equipment is fully charged to income in the year of purchase. Recoverable advances to agents are carried at amounts due less an allowance for doubtful recoveries.

i) *Insurance and Annuity Reserves*
Insurance and annuity reserves represent the amount required, together with future premiums and interest, to provide for future benefits on insurance and annuity contracts. These reserves are calculated on a modified net premium basis using interest and mortality assumptions appropriate to the policies in force with certain costs of acquiring policies being deferred and amortized over the policy terms. Included

with these reserves is an amount to cover contracts where the cash surrender value exceeds the basic reserve.

A mortality fluctuation reserve is included with the insurance and annuity reserves. It is intended to smooth out the fluctuation in net income caused by the statistical variations in mortality experience. Ordinary insurance death claims in excess of, or lower than, expected are charged 25% to income and 75% against the reserve. Each year 25% of previously unamortized balances are charged to income. The basic reserve is determined annually to meet prescribed statistical tests.

j) *Income Taxes*
Income tax expense is recorded on a taxes payable basis except for a provision made in 1980 for taxes payable in future years in respect of certain annuity contracts issued in 1979 and 1980 as described in Note 11.

The taxes payable basis of accounting can lead to substantial variations from year to year between reported income and income tax expense because of differences, primarily of a timing nature, in the methods of determining income for financial reporting and income tax purposes. While a better matching of reported income and income tax expense can be achieved through the tax allocation method, the application of this method in the life insurance industry involves the resolution of a number of complex issues, the full impact of which has not yet been determined. The Company is continuing its review of this issue.

k) *Foreign Currencies*
Assets and liabilities held in foreign currencies have been translated at book rates established by management. These rates are altered when, in the opinion of management, a change has occurred which will not be reversed in the short term.

l) *Unusual and Extraordinary Items*
As permitted by the regulations of the Canadian and British Insurance Companies Act, the Company classifies certain items in its financial statements as unusual and extraordinary. These include such items as currency revaluation, gains and losses on the sale of real estate and write-ups or write-downs of asset values.

m) *Statement of Changes in Invested Funds*
In the Statement of Changes in Invested Funds, the term "funds" consists of cash and short-term deposits. The net change in funds excludes currency revaluation.

2. Subsidiary companies

The following subsidiary companies are at least 99% owned as at December 31, 1980:

Name	*Nature of Business*
A/PCS Limited	Pension Consulting Services (Canada)
ManuLife Computer Corporation Limited	Computer Service Company (Canada)
ManuLife Investment Management Corporation	Investment Management Company (Canada)
ManEquity Management Co.	Investment Management Company (United States)
ManuLife Service Corporation	Pension Consulting Services (United States)
Island Life Insurance Company Limited	Life Insurance (Jamaica)
The Manufacturers Life Insurance Company (U.K.) Limited	Equity-Linked Life Insurance (United Kingdom)
ManuLife Management Ltd.	Unit Trust Management Company (United Kingdom)

During 1980, 60% ownership was acquired in a newly established company, ManuLife (Singapore) Pte. Ltd., which writes life insurance in Singapore.

Total assets of subsidiary companies are $78,924,000 ($58,798,000 in 1979).

3. Investment income

Net investment income has been computed as follows:

	1980	1979
	($000's Omitted)	
Interest, dividends and net rental income	$471,962	$378,249
Amortization of net realized losses on bonds	(8,353)	(3,472)
Amortization of net gains on stocks and adjustment toward market value	27,641	8,795
	$491,250	$383,572
Investment expenses	20,730	19,441
	$470,520	$364,131

4. Analysis of investments

($000's Omitted)	Bonds	Stocks	Mortgages	Real Estate and Office Premises
1980				
Original cost (amortized cost for bonds)	$2,515,690	$593,259	$1,209,835	$598,516
Unamortized realized bond losses	131,700	–	–	–
Stock adjustment account	–	(161,382)	–	–
Accumulated depreciation	–	–	–	(50,155)
Mortgage liabilities	–	–	–	(34,454)
Carrying value	$2,647,390	$431,877	$1,209,835	$513,907
1979				
Original cost (amortized cost for bonds)	$2,162,418	$428,677	$1,071,067	$553,966
Unamortized realized bond losses	55,029	–	–	–
Stock adjustment account	–	(54,553)	–	–
Accumulated depreciation	–	–	–	(46,416)
Mortgage liabilities	–	–	–	(36,643)
Carrying value	$2,217,447	$374,124	$1,071,067	$470,907

Notes to Consolidated Financial Statements

5. Segregated funds

Segregated funds are composed of the following investments which are shown at year-end market values.

	1980	1979
	($000's Omitted)	
Government bonds	$ 134,092	$ 113,612
Corporate bonds	68,628	77,246
Preferred stocks	2,903	1,284
Common stocks	192,613	138,011
Mortgages	33,585	26,283
Cash and short-term deposits	34,315	25,794
Accrued investment income	4,294	4,507
Other assets	2,861	1,376
	$ 473,291	$ 388,113

6. Insurance and annuity reserves

The insurance and annuity reserves are composed of the following:

	1980	1979
	($000's Omitted)	
Net level premium reserves	$4,395,512	$3,719,561
Unamortized deferred costs	(151,501)	(126,156)
Cash value coverage	33,101	30,676
Mortality fluctuation reserve	28,295	29,417
	$4,305,407	$3,653,498

During the year the Company experienced heavier mortality than expected which caused a decrease in the mortality fluctuation reserve and a corresponding increase in income of $1,405,000 (lower mortality than expected in 1979 caused a decrease in income of $8,947,000).

7. Employees' and agents' benefits

Amounts held for pensions and disability benefits to employees and agents, together with the accumulation of employee and agent contributions, are included in the consolidated balance sheet under the following headings:

	1980	1979
	($000's Omitted)	
Insurance and annuity reserves	$ 29,659	$ 26,421
Company retirement plans	91,968	85,675
Segregated funds	29	24
	$121,656	$112,120

There were unfunded liabilities of $4,689,000 at December 31, 1980 ($4,386,000 at December 31, 1979) in respect of past service.

8. Appropriated surplus

The appropriated surplus is composed of the following:

	1980	1979
	($000's Omitted)	
Investment and currency fluctuation reserve	$ 150,000	$ 140,000
Additional reserves set aside in respect of United States business	157,086	110,252
Solvency reserve in respect of other assets	5,353	4,878
	$ 312,439	$ 255,130

Of the appropriated surplus $14,035,000 ($27,346,000 in 1979) is required by the Canadian and British Insurance Companies Act.

9. Foreign currency

Foreign currencies are translated into Canadian dollars at book rates which approximate current rates of exchange. The book rates are established in accordance with actual rates of exchange at the beginning of the year and anticipated changes in rates of exchange during the year.

On January 1, 1980, the Company changed certain rates of exchange used for translating foreign currency items. The most significant of these was the change in the rate for Sterling from $2.15 to $2.30. The impact on Net Income is shown in Note 10.

The use of the current rates of exchange for translating foreign currencies at December 31, 1980 would have caused the combined appropriated and unappropriated surplus to increase by approximately $50,007,000 ($27,830,000 increase in 1979).

Included in Other Revenue is a net exchange gain of $238,000 (gain of $200,000 in 1979) representing the difference between the book rates and the actual rates at which foreign currency transactions took place.

10. Unusual and extraordinary items

Unusual and extraordinary items are composed of the following:

	1980	1979
	($000's Omitted)	
Currency revaluation (Note 9)	$ 819	$ 40,994
Gain on sale of real estate and miscellaneous assets	1,993	2,464
Net write-up (write-down) of asset values	(23)	1,593
Other	(198)	–
	$ 2,591	$ 45,051

11. Income and other taxes

During the year, the Company incurred a loss for tax purposes on its United States operations which will be carried forward and will be available to be applied against future taxable income. This tax loss, all of which expires in 1987, is primarily attributable to timing differences in the recognition of reserves on certain classes of annuity business. Reserves claimed for tax purposes in 1980 in excess of amounts recognized in the accounts will be charged to operations in future years. A provision for income taxes of $10,300,000, which is net of benefits resulting from the anticipated realization of tax losses being carried forward, has been made in respect of this annuity business during 1980.

Income taxes payable in respect of current operations in Canada have been fully offset through the application of tax losses carried forward.

Premium tax expense in 1980 of $7,114,000 ($6,580,000 in 1979) is included with General Expenses, Commissions and Taxes Other Than Income Taxes.

1980 Annual Report
The Manufacturers Life Insurance Company

Review of Financial Statistics

($000's Omitted)	1980	1979
New Life Insurance	$ 5,287,728	$ 3,799,720
Life Insurance in Force	25,825,627	22,138,029
Assets	5,938,677	5,031,578
Revenue	1,514,520	1,208,493
Payments to Policyholders and Beneficiaries	549,283	467,852
Operating Income	87,543	52,862
Provision for Dividends to Policyholders	75,565	63,006
Appropriated and Unappropriated Surplus	664,299	574,165
Net Rate of Interest	9.88%	8.80%

**Not available. Basis not consistent with later years.*

Assets December 31, 1980

By Category and by Currency in Canadian $ Equivalents ($000's Omitted)

Currency	Canadian $	
Category	Amount	% by Category
Bonds and Preferred Stocks	$1,232,074	42.5
Mortgages	702,327	24.3
Real Estate	294,526	10.2
*Equities	75,195	2.6
Policy Loans	93,513	3.2
Segregated Funds' Investments	388,771	13.4
Other Assets	109,451	3.8
	$2,895,857	100.0
% by Currency	48.8	

**Common Stocks and other securities convertible into Common Stocks.*

1978	1977	1976	1975	1970	1965	1960
$ 3,033,939	$ 2,669,452	$ 2,516,993	$ 2,271,358	$1,266,500	$ 869,921	$ 562,656
18,637,039	16,629,150	15,228,530	13,625,601	9,258,679	5,723,245	3,544,563
4,250,816	3,789,417	3,387,194	3,083,250	2,036,223	1,498,279	964,263
936,312	818,085	705,380	657,411	350,495	262,846	170,574
409,529	309,015	302,880	260,186	166,250	111,529	66,608
47,323	29,175	*	*	*	*	*
52,417	44,960	39,782	37,207	25,608	15,842	9,939
476,252	414,538	237,545	226,999	163,732	116,742	66,321
8.15%	7.82%	7.44%	7.17%	6.40%	5.90%	5.41%

U.S. $		£ Sterling		Other		Total	
Amount	% by Category	Amount	% by Category	Amount	% by Category	Amount	% by Category
$1,087,659	43.6	$198,380	54.3	$ 93,072	50.3	$2,611,185	44.0
485,184	19.5	12,431	3.4	9,893	5.3	1,209,835	20.4
186,480	7.5	32,316	8.8	585	0.3	513,907	8.6
319,605	12.8	41,501	11.4	31,781	17.2	468,082	7.9
264,103	10.6	25,736	7.0	19,415	10.5	402,767	6.8
54,223	2.2	30,297	8.3			473,291	8.0
94,933	3.8	24,800	6.8	30,426	16.4	259,610	4.3
$2,492,187	100.0	$365,461	100.0	$185,172	100.0	$5,938,677	100.0
42.0		6.1		3.1		100.0	

New Business and Business in Force

1980 Annual Report
The Manufacturers Life Insurance Company

for the year ended December 31, 1980

NEW LIFE INSURANCE 1980 *($000's Omitted)*

	Individual	Group	Total
Canada	$ 1,494,980	$ 179,326	$ 1,674,306
United States	2,467,117	205,326	2,672,443
United Kingdom	449,167	0	449,167
Other International	461,631	30,181	491,812
Total	$ 4,872,895	$ 414,833	$ 5,287,728

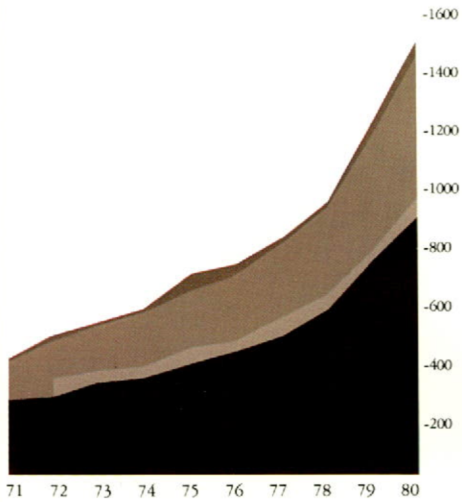
INSURANCE IN FORCE DECEMBER 31, 1980 *($000's Omitted)*

	Individual	Group	Total
Canada	$ 6,257,758	$ 2,505,609	$ 8,763,367
United States	10,116,830	2,777,086	12,893,916
United Kingdom	2,049,045	1,085	2,050,130
Other International	1,892,392	225,822	2,118,214
Total	$ 20,316,025	$ 5,509,602	$ 25,825,627

TOTAL PREMIUMS 1980 *($000's Omitted)*

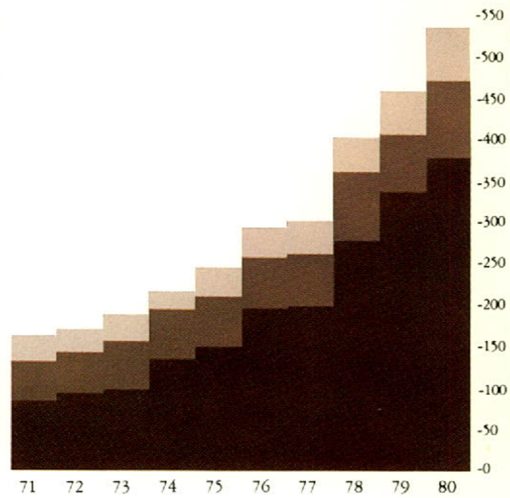
	Individual	Group	Total
Canada	$ 280,678	$ 154,938	$ 435,616
United States	311,351	78,960	390,311
United Kingdom	61,902	15	61,917
Other International	51,448	12,734	64,182
Total	$ 705,379	$ 246,647	$ 952,026

Revenue (millions of dollars)



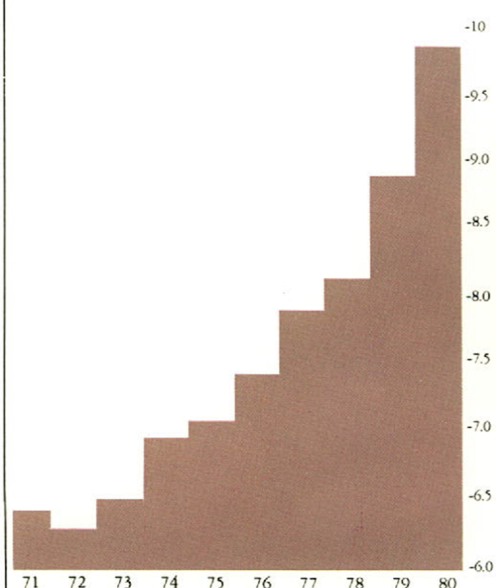
Other Revenue
Net Investment Income
Segregated Funds Deposits
Insurance and Annuity Premiums (including Segregated Funds Deposits prior to 1972)

Payments to Policyowners and Beneficiaries (millions of dollars)

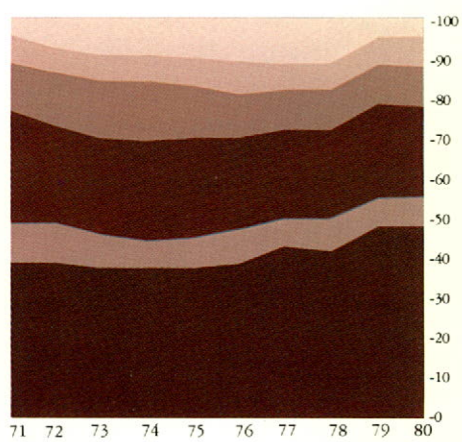


Policyowner Dividends
Payments to Beneficiaries
Payments to Policyowners

Net Return on Invested Assets (%)



Percentage Composition of Total Assets



Mortgages
Stocks
Bonds
Other Assets
Policy Loans
Real Estate

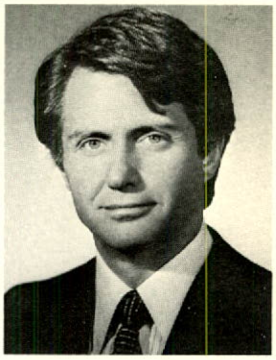
Officers of the 1981 ManuLife Production Club

L. H. Goodman
TORONTO BAY
President of the 1981 ManuLife Production Club

The Officers of the 1981 Production Club, shown on these two pages, represent the spirit of achievement that typifies the ManuLife field force.

The President is the Club member who has generated the largest volume of sales production in the entire company during the preceding year, and has met prescribed service requirements with ManuLife. Joining him are the four Vice Presidents, representing each of the company's major marketing divisions: Canadian, United States, United Kingdom and International. These agents were responsible for the leading sales production within their respective divisions.

There are eight Territorial Vice Presidents, each representing a subdivision of ManuLife's worldwide marketing territories: Western Canada, Central Canada, Eastern Canada; Western United States, Central United States, Eastern United States; United Kingdom; and International (including Hong Kong, the Philippines, Israel, West Indies, Cyprus and Puerto Rico).

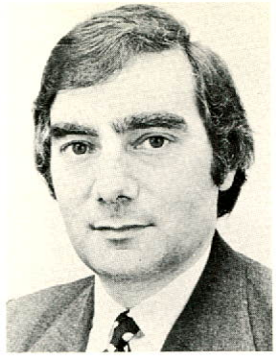


P. M. Agouri
MONTREAL ST. JACQUES
Vice President, Canada

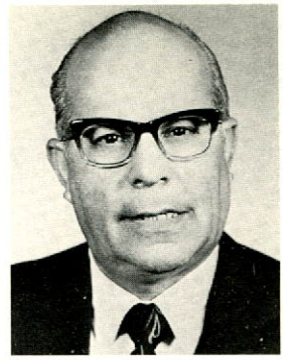
J. R. Tardif
SHERBROOKE
Territorial VP, Eastern Canada

R. M. Rosenblum, CLU
NASHVILLE
Territorial VP, Eastern United States

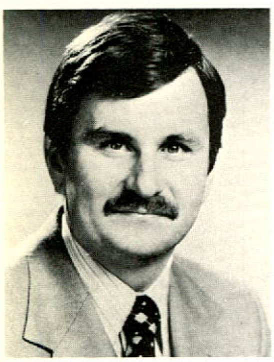
D. D. Reaume, CLU
TROY (MICHIGAN)
Vice President, United States



G. Langley
OXFORD
Vice President, United Kingdom



N. L. Motwani
HONG KONG
Vice President, International



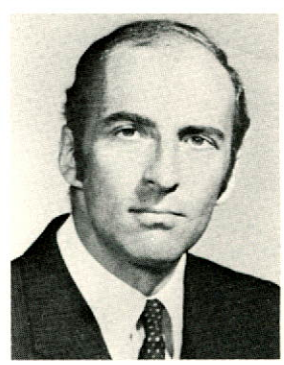
P. A. Deeks, CLU
TORONTO YORK
Territorial VP, Central Canada

J. Y. McFaull
SASKATOON
Territorial VP, Western Canada

J. Sam
SOUTH LONDON
Territorial VP, United Kingdom

F. Scott
INDIANAPOLIS
Territorial VP, Central United States

W. F. Arnold, CLU
PHOENIX
Territorial VP, Western United States



R. L. Wilson
HONG KONG
Territorial VP, International

ManuLife Branch Offices, Agencies and Service Offices

Canada

Calgary, Alta.		
Calgary North Branch	1201-5th Street S.W., Suite 400, Calgary T2R 0Y6, Tel. (403) 264-6000	P. L. Williams, CLU, Branch Manager
Calgary South Branch	10th Floor, 2424-4th St. S.W., Calgary T2S 2T4, Tel. (403) 264-6014	W. R. Hobbis, CLU, Branch Manager
Chatham, Ont. N7M 4R1	1st Floor, 59 Adelaide St. S., Tel. (519) 352-8670	R. I. Haddock, CLU, Branch Manager
Edmonton, Alta. T5J 3L8		
Edmonton North Branch	Ste. 1005, 10010-106 St., Tel. (403) 423-7979	J. T. Sheehan, CLU, Branch Manager
Edmonton South Branch	Suite 216, 10709 Jasper Avenue, Tel. (403) 421-1234	R. E. Newman, CLU, Branch Manager
Halifax, N.S. B3J 2P8	Suite 500, 1809 Barrington St., P.O. Box 457, Tel. (902) 429-2410	R. A. Hanoski, Branch Manager
Hamilton, Ont. L8P 4S6	P.O. Box 560, 650-110 King St. W., Tel. (416) 522-1194	D. A. Walker, CLU, Branch Manager
Kamloops, B.C. V2C 2J6		
B.C. Interior Branch	Suite 102, 418 Paul St., Tel. (604) 374-6641	G. B. McKay, CLU, Branch Manager
Kingston, Ont. K7K 1G1	303 Bagot St., Suite 300, La Salle Mews, Tel. (613) 549-2122	J. D. Hagerman, CLU, Branch Manager
London, Ont. N6A 3H2	Suite 201, 743 Richmond St., Tel. (519) 434-1641	E. D. Barber, CLU, Branch Manager
Mississauga, Ont. L5B 1M3	Suite 706, 55 City Centre Dr., Tel. (416) 270-8450	J. A. Zoppas, CLU, Branch Manager
Moncton, N.B. E1C 1E9		
New Brunswick Branch	Ste. 501, 777 Main St., Tel. (506) 854-1770	R. B. Dow, CLU, Branch Manager
Oshawa, Ont. L1J 2K5		
Central Ontario Branch	Suite 501, Bell Tower, Tel. (416) 728-7391	D. J. Cunningham, CLU, Branch Manager
Ottawa, Ont. K1P 5Z9	Suite 500, ManuLife Bldg., Tel. (613) 232-3531	D. R. Congram, CLU, Branch Manager
Prince George, B.C. V2L 3L2	Suite 200, 1268 Fifth Ave., Tel. (604) 563-3661	B. R. Ironside, CLU, Branch Manager
Regina, Sask. S4P 3V2	Suite 1610, Chateau Tower, 1920 Broad St., Tel. (306) 527-4171	V. Chanady, Branch Manager
Saskatoon, Sask. S7K 0B8	Suite 1004, Canadian Imperial Bank of Commerce Bldg., 201-21 St. E., Tel. (306) 652-3471	F. S. Cluff, Branch Manager
St. Catharines, Ont. L2R 6Y3		
Niagara Branch	Suite 200, CorBlock Bldg., 80 King St., Tel. (416) 688-5554	J. M. Mont, CLU, Branch Manager
St. John's, Nfld. A1C 5W4		
Newfoundland Branch	P.O. Box 5520, 7th Floor, Royal Trust Bldg., Water St., Tel. (709) 722-0162.	M. Farid, Branch Manager
Sudbury, Ont. P3E 1B1		
Northern Ontario Branch	Suite 602, 127 Cedar St., Tel. (705) 674-5203	R. P. Russell, Branch Manager
Thunder Bay, Ont. P7A 4K9	Suite 300, 28 Cumberland St. North, Tel. (807) 345-2151	C. W. Lockyer, Branch Manager
Toronto, Ont.		
Toronto Bay Branch	Suite 1306, National Trust Bldg., 7 King Street East, M5C 1A2, Tel. (416) 363-7373	R. A. Fraser, CLU, Branch Manager
Toronto Central Branch	Suite 1600, 11 King Street W., M5H 3N4, Tel. (416) 868-6511	W. C. Kinnee, Branch Manager
Toronto Parkway Branch	Suite 201, 6 Lansing Square, Willowdale, M2J 1T5, Tel. (416) 493-1464	J. Osborne, CLU, Branch Manager
Toronto Special Services	Suite 1203, 250 Bloor St. E., M4W 1E5, Tel. (416) 928-5981	B. H. Barrett, CLU, Branch Manager
Toronto University Branch	Suite 1304, 250 Bloor St. E., M4W 1E5, Tel. (416) 961-4481	G. E. Chapman, CLU, Branch Manager
Toronto York Branch	Suite 605, 1075 Bay St., M5S 2B1, Tel. (416) 960-9200	A. L. Fagan, Branch Manager
Vancouver, B.C.		
Vancouver Branch	Suite 400, Oceanic Plaza, 1066 W. Hastings St., V6E 3X1, Tel. (604) 681-5411	C. B. Bertram, CLU, Branch Manager
Vancouver Burrard Branch	Suite 1000, 700 West Pender St., V6C 1G8, Tel. (604) 681-5411	D. R. Hildreth, Branch Manager
Waterloo, Ont. N2L 2R5		
Kitchener-Waterloo Branch	Suite 217, Westmount Place, 50 Westmount Rd. N., Tel. (519) 886-7710	A. A. Schooley, CLU, Branch Manager
Windsor, Ont. N9A 5K6	500 Riverside Dr. W., Canada Square, Tel. (519) 256-8236	G. Popovich, Branch Manager
Winnipeg, Man.		
Winnipeg East Branch	1224 Richardson Bldg., One Lombard Place, R3B 0X3, Tel. (204) 942-0041	M. Lomow, CLU, Branch Manager
Winnipeg West Branch	Suite 805, 386 Broadway, R3C 3R6, Tel. (204) 944-9945	W. J. Burns, Branch Manager
Principal Office for Quebec	Suite 650, 1140 deMaisonneuve Blvd. W., Montreal, P.Q. H3A 1M8, Tel. (514) 288-7171	J. A. Y. Habel, Regional Vice President
Branches:		
Montreal, P.Q.		
Montreal Metro Branch	Suite 625, 1140 deMaisonneuve Blvd. W., H3A 1M8, Tel. (514) 288-7171	G. J. Mullie, CLU, Brokerage Manager
Mtl. St. Catherine	9th Floor, 2015 Peel St., H3A 1T8, Tel. (514) 842-6464	G. Routhier, CLU, Branch Manager
Mtl. St. Jacques	Suite 900, 1140 deMaisonneuve Blvd. W., H3A 1M8, Tel. (514) 288-7171	R. Dulude, Branch Manager
Mtl. University	Suite 1250, 1140 deMaisonneuve Blvd. W., H3A 1M8, Tel. (514) 849-7351	R. Lafond, CLU, Branch Manager
Quebec City, P.Q. G1R 3P4	Suite 1901, 800 Place d'Youville, Tel. (418) 692-4290	R. Pelletier, Branch Manager
Sherbrooke, P.Q. J1H 5B1	Suite 604, 25 Wellington St. N., Tel. (819) 562-4787	J. M. Sarrasin, CLU, Branch Manager
Group Field Offices		
Calgary, Alta. T2P 2T5	Suite 405, ManuLife House, 603-7th Ave. S.W., Tel. (403) 265-5080	K. Frost, Manager/Group
Edmonton, Alta. T5J 3N3	Suite 201, 10709 Jasper Ave., Tel. (403) 421-1151	J. H. Wilson, Manager/Group
Halifax, N.S. B3J 3K1		
Atlantic Group Field Office	Suite 912, 2000 Barrington St., Cogswell Tower, Tel. (902) 429-7405	
Hamilton, Ont. L8P 4S6		
Southwestern Ontario Group Field Office	Suite 655, 110 King St. West, Tel. (416) 528-4277	D. Hamilton, Manager/Group
London, Ont. N6A 3H2		
S.W. Ont. sub office	Suite 202, 743 Richmond St., Tel. (519) 432-2681	
Montreal, P.Q. H3A 1M8	Suite 650, 1140 deMaisonneuve Blvd. W., Tel. (514) 288-7171	T. A. Guay, Manager/Group
Toronto, Ont. M4W 1A5	Suite 512, 55 Bloor St. West, Tel. (416) 928-8480	K. K. Palo, Manager/Group
Vancouver, B.C. V6E 4A6	Suite 800, 1100 Melville St., Tel. (604) 689-5525	T. R. Wardrop, CLU, Manager/Group
Windsor, Ont. N9A 5K6		
S.W. Ont. sub office	500 Riverside Drive West, Canada Square, Tel. (519) 256-8236	D. Hamilton, Manager/Group
Winnipeg, Man. R3C 3R6	Suite 608, 386 Broadway Ave., Tel. (204) 942-4591	J. H. Wignall, CLU, Manager/Group
International Field Service Office		
Toronto, Ont. M4W 1E5	200 Bloor Street E., Tel. (416) 928-4442	J. W. Gray, Regional Agency Director International Division

United States

Atlanta, Ga. 30305	Suite 500, Three Piedmont Center, 3565 Piedmont Road, N.E., Tel. (404) 261-4071	R. E. Penny Jr., CLU, Branch Manager
Baltimore, Md. 21202	World Trade Center, Suite 2424, Tel. (301) 752-2203	P. S. McCarthy, CLU, Branch Manager
Birmingham, Ala. 35209	Ste 912, One Independence Plaza, Tel. (205) 871-5851	T. A. Donovan, CLU, Branch Manager
Boston, Mass. 02108	15th Floor, One Washington Mall, Tel. (617) 723-4000	W. W. Fenniman, CLU, Branch Manager
Chicago, Ill. 60606	Suite 6030, Sears Tower, 233 South Wacker Drive, Tel. (312) 876-7010	E. H. Chapman, Jr., CLU, Branch Manager
Cincinnati, Ohio 45202	Suite 940, Formica Building, 120 East Fourth Street, Tel. (513) 762-3700	J. T. Dunn, CLU, Branch Manager
Cleveland, Ohio 44107	1300 Lakewood Center North, 14600 Detroit Avenue, Lakewood, Ohio, Tel. (216) 228-8000	T. A. Bray, CLU, Branch Manager
Dallas, Texas 75240	Suite 340, 5520 LBJ Freeway, P.O. Box 402316, Tel. (214) 386-7100	J. W. McKinley, CLU, Branch Manager
Denver, Colo. 80210		
Colorado Branch	Suite 711, Executive Club Building, 1776 South Jackson Street, Tel. (303) 758-1173	J. M. Costello, CLU, Branch Manager
U.S. Market Support	P.O. Box 3288, Plaza Colorado, 5889 South Syracuse Circle, Englewood, Colorado 80155, Tel. (303) 770-4863	M. P. Greenberg, CLU, Advanced Underwriting Director and Counsel
ManEquity, Inc.	P.O. Box 3288, Plaza Colorado, 5889 South Syracuse Circle, Englewood, Colorado 80155, Tel. (303) 770-2283	J. Kokjer, C.F.P., President
Detroit, Mich. 48098		
Troy Branch	Northfield Financial Building, 11th Floor, 900 Tower Drive, Tel. (313) 879-9000	T. A. Pickett, Jr., CLU, Branch Manager
Encino, Ca. 91316		
San Fernando Valley Branch	Ste. 600, 16130 Ventura Blvd., P.O. Box 547, Tel. (213) 981-5650	M. R. Hebert, CLU, Branch Manager
Grand Rapids, Mich. 49502	Suite 409A, Waters Building, 161 Ottawa Street North West, Tel. (616) 451-0653	R. A. Congdon, CLU, Branch Manager
Greensboro, N.C. 27405	808 Summit Avenue, P.O. Box 6728, Tel. (919) 378-1238	D. B. Cole, CLU, Branch Manager
Hartford, Conn. 06101	111 Founders Plaza, P.O. Box 1080, Tel. (203) 289-9301	J. C. Brinsfield, CLU, Branch Manager
Honolulu, Hawaii 96813		
Hawaii Branch	Suite 1600, Hawaii Building, Amfac Center, 745 Fort Street, Tel. (808) 521-5311	M. G. Taylor, CLU, Branch Manager
Houston, Texas 77027	Suite 1050, East Tower, Executive Plaza Building, 4615 Southwest Freeway, Tel. (713) 629-9180	W. F. Thorne, Jr., CLU, Branch Manager
Indianapolis, Ind. 46205	2021 East 52nd Street, P.O. Box 55690, Tel. (317) 257-1261	E. H. Brooks, CLU, Branch Manager
Kansas City, Mo. 64105	Suite 1600, City Center Square, 1100 Main Street, Tel. (816) 421-5757	J. Anselmo, Branch Manager
Los Angeles, Ca. 90010		
Los Angeles Branch	Suite 500, Ahmanson Center West, 3731 Wilshire Blvd., Tel. (213) 487-7620	A. T. Horton, CLU, Branch Manager
Los Angeles Plaza Branch 90024	Ste. 2211, McCullock Oil Bldg., 10880 Wilshire Blvd., Tel. (213) 470-1400	J. J. Sullivan, CLU, Branch Manager
Miami, Fla. 33131	11th Floor, 1111 South Bayshore Drive, Tel. (305) 358-2828	J. O'Rourke, CLU, Branch Manager
Milwaukee, Wis. 53202	Suite 3230, First Wisconsin Center, 777E Wisconsin Ave., Tel. (414) 276-5556	F. M. Spencer, III, CLU, Branch Manager
Minneapolis, Minn. 55435		
Minnesota Branch	Suite 178, 6800 France Avenue South, Tel. (612) 920-0343	L. Brown, III, CLU, Branch Manager
Nashville, Tenn. 37239	Suite 1825, 1 Commerce Place, Tel (615) 259-2527	M. P. Kelly, Branch Manager
Newark, N.J.		
Newark Branch	288 Main Street, Milburn, N.J., 07041, Tel. (201) 467-2180	W. Q. Meeker, CLU, Branch Manager
New Orleans, La. 70112	Suite 2222, One Canal Place, One Canal Street, Tel. (504) 581-9073	W. J. Falke, Branch Manager
Oklahoma City, Okla. 73106	2000 Classen Blvd., Suite 126S., Tel. (405) 525-7591	D. J. Klassen, CLU, Branch Manager
Omaha, Neb. 68124	Suite 690, Omaha Tower, 2120 South 72nd Street, Tel. (402) 393-6310	R. P. Pfeil, Branch Manager
Philadelphia, Pa. 19102	Suite 600, Two Penn Center, Tel. (215) 241-8100	L. V. Day, Jr., CLU, Branch Manager
Phoenix, Ariz. 85012	Suite 600, South Tower, Financial Center, 3443 North Central Avenue, Tel. (602) 264-6667	G. Wilhelmy, Branch Manager
Pittsburgh, Pa. 15222	10th Floor, West Wing, Two Gateway Center, Tel. (412) 471-4500	J. J. Anderson, Branch Manager
Portland, Ore. 97201	5100 S.W. Macadam Avenue, Ste 290, Tel. (503) 295-2560	J. R. Greene, CLU, Branch Manager
Richmond, Va. 23219	8th & Main Street Building, Suite 450, 707 East Main St., Tel. (804) 644-4546	R. S. Burns, CLU, Branch Manager
Sacramento, Ca. 95825	Suite 360, 2233 Watt Avenue, P.O. Box 255348, Tel. (916) 481-6400	W. D. Daniels, CLU, Branch Manager
Saginaw, Mich. 48603	Suite 101, 5090 State Street, Building D, Tel. (517) 793-0080	D. J. Makuch, CLU, Branch Manager
San Antonio, Texas 78201	Suite 900, First National Bank Building, 6243 Interstate Highway 10N., Tel. (512) 736-1731	J. D. Maxwell, CLU, Branch Manager
San Diego, Ca. 92123	Ste. 201, 8575 Gibbs Dr., Tel. (714) 299-9777	L. P. Ukrainetz, CLU, Branch Manager
San Francisco, Ca. 94105	Suite 1010, Steuart Street Tower, One Market Plaza, Tel. (415) 543-8030	D. W. Heatherington, CLU, Branch Manager
Santa Ana, Ca. 92702		
Orange County Branch	P.O. Box 1983, Suite 300, 2323 North Broadway, Tel. (714) 558-1500	J. L. Nix, CLU, Branch Manager
St. Louis, Mo. 63105	Suite 600, 200 South Hanley, Clayton, Mo., Tel. (314) 727-7077	W. C. Haney, Branch Manager
Seattle, Wash. 98101	610 Skinner Building, 1326-5th Avenue, Tel. (206) 623-3992	J. B. Allan, CLU, Branch Manager
Tampa, Fla. 33609	495 Kennedy Center, 5100 West Kennedy Blvd., Tel. (813) 877-2937	P. J. Klingler, CLU, Branch Manager
Toledo, Ohio 43606	People's Westgate Building, 7th Floor, 3130 Executive Parkway, Tel. (419) 737-8761	L. L. Hibbs, CLU, Branch Manager
Washington, D.C. 22209	Ste. 900, 1300 N. 17th St., Arlington, Virginia 22209 Tel. (703) 522-5200	R. J. Wherry, CLU, Branch Manager

Group Field Offices

Boston, Mass. 02108	15th Floor, One Washington Mall, Tel. (617) 723-4000	D. King, Manager/Group
Newark, N.J.		
Newark Branch	306 Main Street, Millburn, N.J. 07041, Tel. (201) 467-2180	C. H. Hayes, III, Manager/Group
Philadelphia, Pa. 19102	Suite 306, 3 Penn Center, Tel. (215) 563-6655	P. J. McCloskey, Manager/Group
Los Angeles, Ca. 90010		
Southern California G.F.O	Suite 1314, One Park Plaza, 3250 Wilshire Boulevard, Tel. (213) 387-5175	W. D. MacDougall, Manager/Group

United Kingdom

Chief Office	ManuLife House, St. George's Way, Stevenage, Herts. SG1 1HP, Tel. Stevenage 56101	J. E. Clark, FLMI, Vice President and General Manager
Belfast BT28AA	Yorkshire House, 5 Linenhall St., Tel. 0232-27792	H. E. Bottomley, Acting Branch Manager
Birmingham B54LJ	Norfolk House, Smallbrook Queensway, Tel. 021-6439581	L. R. B. Greenhalgh, Branch Manager
Bournemouth BH25QA	ManuLife House, 34 Poole Hill, Tel. 0202-24646	K. R. Donald, Branch Manager
Brighton BN11UF	ManuLife House, 22 New Road, Tel. 0273-692666	G. Halewood, Branch Manager
Bristol BS13NU	ManuLife House, Marlborough St., Tel. 0272-28871	D. Farrar, Branch Manager
Cardiff CF19LJ	14 Cathedral Road, Tel. 0222-44711	F. Hutchinson, Branch Manager
Glasgow G12NX	90 Vincent Street, Tel. 041-221 0082	J. Phillips, Branch Manager
Ipswich IP12AB	Elm Court, Elm Street, Tel. 0473-21944	G. L. Pyatt, Branch Manager
Leeds LS62AD	Liverpool Victoria House, 8 Otley Road, Headingley, Tel. 0532-783301	P. Noble, Branch Manager
Leicester LE11HB	Halford House, Charles Street, Tel. 0533-29646	A. J. V. Heggs, Acting Branch Manager
Liverpool L39QY	Richmond House, 1 Rumford Place, Tel. 051-2275611	D. Latchford, Branch Manager
London		
City Branch	Devonshire House, 146 Bishopsgate, London, EC2M4JX, Tel. 01 247 3465	J. B. Northover, Branch Manager
South London	40 The Broadway, Cheam, Sutton, Surrey SM38BD, Tel. 01-643 1251	R. B. Easton, ACII, Branch Manager
Manchester M331XZ	Six Acre House, 17 Town Square Sale, Tel. 061-969-1121	F. Taylor, Branch Manager
Newcastle-on-Tyne NE34PF	Northern Rock House, Regent Farm Road, Gosforth, Tel. 0632-853951	R. B. Davies, Branch Manager
Nottingham NG16GG	Newton House, Maid Marian Way, Tel. 0602-46091	J. A. C. Shaw, Branch Manager
Oxford OX1TJ	5-7 Cambridge Terrace, Tel. 0865-45255	R. Gurr, Branch Manager
Plymouth PL11HZ	Abbey House, Armada Way, Tel. 0752-68464	R. T. Clayton-Jolly, Branch Manager
Reading RG14LJ	Norman House, 201 Kings Road, Tel. 0734-61441	I. Swindley, Branch Manager
St. Albans AL11E2	19 Holywell Hill, Tel. 96-64437	L. Levy, Branch Manager
Sheffield S12EY	St. James House, Vicar Lane, Tel. 0742-25226	R. J. Elliot, Branch Manager
Southampton SO20AB	Clifford House, 52-74 New Road, Tel. 0703-22361	D. Pollard, Branch Manager

International

Barbados	P.O. Box 144, Canadian Imperial Bank of Commerce Bldg., Broad Street, Bridgetown, Tel. 65141	M. DeL. Jordan, Branch Manager
Bermuda	P.O. Box 1259, Motoblock Bldg., Gorham Road, Hamilton 5, Tel. (809) 295-3255	R. A. D. Pengelly, Branch Manager
Cayman Islands	P.O. Box 1087, Grand Cayman, West Indies, Tel. (809) 949-2068	G. H. Bodden, CLU
Cyprus	P.O. Box 1655, 2nd Floor, 6 Pantheon Bldg., 40 Evagoras Avenue, Nicosia, Tel. 42044	L. Prodromou, Manager for Cyprus
Hong Kong	P.O. Box 201, 2005 Connaught Centre, Tel. 5-251321	D. J. Hancock, CLU, General Manager for Hong Kong
Israel	P.O. Box 2007, Migdal Shalom, 7 to 9 Achad Haam St., Tel Aviv, Tel. 6-50201	Mrs. M. Benzimra, Manager for Israel
Philippines	M.C.C. P.O. Box 2227, Makati, Metro Manilla, Tel. 852976	R. J. Morris, General Agent for the Philippines
Puerto Rico	P.O. Box 2159, 808 Pan Am Bldg., Hato Rey, Tel. (809) 759-8155	P. F. Collazo, Branch Manager
Surinam	P.O. Box 1392, Watermolenstraat 43, Paramaribo, Tel. 75567	R. Hermelijn, Branch Manager
Service Offices		
Cuba	Apartado No. 1961, Habana 1	O. Martinez, Manager for Cuba
Haiti	Rue Ferou, Port-au-Prince	Phipps & Co., Management Agent
Sri Lanka	P.O. Box 24, Colombo	Messrs. Carson Cumberbatch & Co. Ltd., Agents
Zimbabwe	P.O. Box 2043, 7th Floor, Chancellor House, Jameson Avenue, Salisbury	D. Findlater, FLMI, Secretary for Zimbabwe
Subsidiaries		
Jamaica	Island Life Insurance Company, P.O. Box 423, 4 St. Lucia Avenue, Kingston 5, Tel. (809) 926-1430	O. E. Jones, CLU, President and Agency Officer
Singapore	ManuLife (Singapore) Pte. Ltd., Suite 4-316 Merlin Plaza, Beach Rd., Singapore 0719, Tel. 2960788	D. C. Whitney, Managing Director

Mortgage & Real Estate

Ottawa, Ont. K1P 5Z9	Suite 1630, 220 Laurier Ave. W., Tel. (613) 233-6309	L. V. McPherson, MAI, AACI, Branch Manager
Vancouver, B.C. V7X 1G9	Suite 1415, 2 Bentall Centre, 555 Burrard St., Tel. (604) 683-7746	C. M. Henry, CPM, FRI, FLMI, Branch Manager
Winnipeg, Man. R3C 3R6	Suite 801, 386 Broadway Ave., Tel. (204)943-2431	A. E. Hanson, AACI, Branch Manager

Mortgage

Calgary, Alta. T2P 0K4	Suite 1035, 808-4th Avenue S.W., Tel. (403) 264-4980	J. N. Lucas, MAI, AACI, Branch Manager
Edmonton, Alta. T5J 2Y2	Suite 1280, ManuLife House, 10055-106th St., Tel. (403) 428-0861	I. A. Dalton, Branch Manager
Hamilton Ont. L8P 1H1	Suite 2201, IBM Building, 25 Main Street West, Tel. (416) 528-1494	P. G. Thoem, Branch Manager
Montreal, P.Q. H3A 1M8	Suite 625, 1140 deMaisonneuve Blvd. West, Tel. (514) 288-7172	J. D. Boudreau, AACI, Branch Manager
Toronto, Ont. M4W 3G6	Suite 1218, ManuLife Centre, 55 Bloor Street W., Tel. (416) 923-3699	R. M. Paterson, SRA, Branch Manager

Real Estate

Calgary, Alta. T2P 0K4	Suite 1035, 808-4th Ave. S.W., Tel. (403) 264-4980	R. A. Durvin, Branch Manager
Edmonton, Alta. T5J 2Y2	Suite 1280, 10055-106th St., Tel. (403) 428-0861	B. K. French, Branch Manager
Halifax, N.S. B3J 3K5	Suite 1114, Maritime Centre, 1505 Barrington Street, Tel. (902) 422-9636	G. W. Sutherland, Manager
Kitchener, Ont. N2C 2J9	600 Greenfield Avenue, Tel. (519) 894-2340	J. Cameron, Manager
Montreal, P.Q. H3A 1M8	1140 deMaisonneuve Blvd. W., 6th Floor, Tel. (514) 288-7171	G. Lachance, Branch Manager
Toronto, Ont. ManuLife Centre M4W 1A5	Suite 502, 55 Bloor Street W., Tel. (416) 928-4403	J. R. Grimm, Branch Manager
Toronto Real Estate Office, M4W 1E5	250 Bloor Street E., Tel. (416) 928-8454	P. G. Maher, Branch Manager
Chicago Real Estate Office, Schaumburg, Ill. 60195	Suite 100 West, Schaumburg Corporate Center, 1501 Woodfield Drive, Tel. (312) 885-8550	S. J. Fitzgerald, Branch Manager
Dallas Real Estate Office, Dallas, Texas 75207	706 Stemmons Tower West, 2730 Stemmons Freeway, Tel. (214) 631-1970	S. L. Griffin, Branch Manager
Los Angeles Real Estate Office, Long Beach, Ca. 90802	Suite 603, 444 West Ocean Blvd., Tel. (213) 432-7986	H. Wiese, Branch Manager
San Diego Real Estate Office San Diego, Ca. 92111	7906 Convoy Court, Tel. (714) 292-1667	R. Schaefer, Branch Manager
Washington Real Estate Office, Langley Park, Md. 20783	Suite 401, 7676 New Hampshire Ave., Tel. (301) 439-7722	C. D. Hughes, Branch Manager

International Investment Office

United Kingdom London EC2M 1TL	55 Old Broad Street, Tel. 01-638-6611, Telex 885650	J. B. Mounsey, Financial Vice President

ManuLife

The Manufacturers Life Insurance Company

3632 (0381)

PRINTED IN CANADA