

**法商法國巴黎銀行股份有限公司台北分行等承銷「MANULIFE FINANCIAL CORPORATION 4.70% Senior Notes due June 23, 2046」之美元計價普通公司債公告**

法商法國巴黎銀行股份有限公司台北分行等(以下稱「承銷商」)承銷「MANULIFE FINANCIAL CORPORATION 4.70% Senior Notes due June 23, 2046」之美元計價普通公司債(以下稱「本公司債」),本公司債發行總金額為美元1,000,000,000元整,由承銷商洽商銷售本公司債金額為美元1,000,000,000元整。茲將銷售辦法公告於後:

**一、證券承銷商名稱、地址及證券承銷商洽商銷售數量:**

承銷商名稱	地址	洽商銷售金額
法商法國巴黎銀行股份有限公司台北分行	台北市信義路五段7號72樓	300,000,000
滙豐(台灣)商業銀行股份有限公司	台北市基隆路一段333號13樓、14樓	300,000,000
渣打國際商業銀行股份有限公司	台北市敦化北路168號1樓	300,000,000
澳商澳盛銀行集團股份有限公司台北分行	台北市松仁路7號17樓	100,000,000

二、承銷總額:總計美元1,000,000,000元整。

三、承銷方式:本公司債將由承銷商包銷並以「洽商銷售」方式出售予投資人。

四、承銷期間:本公司債定價日為2016年06月07日,於2016年06月15日辦理承銷公告並於2016年06月23日發行。

五、承銷價格:承銷商於銷售期間內依本公司債票面金額銷售,以美元200,000元整為最低銷售單位,發行價格為100%。

六、本公司債主要發行條件:

- (一) 發行日:2016年06月23日。
- (二) 到期日:2046年06月23日。
- (三) 發行人評等:S&P A / Fitch A。
- (四) 受償順位:優先無擔保主順位債券。
- (五) 票面金額:美元200,000元整。
- (六) 票面利率:4.70% per semi-annum。
- (七) 付息方式及付息日期:每半年支付利息一次,自2016年12月23日開始支付,計息基礎為30/360。
- (八) 還本方式:本債券到期一次還本,到期還本金額為面額之100%。
- (九) 還本付息營業日:依照台北及多倫多兩地商業銀行之營業日
- (十) 準據法及管轄法院:Laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (十一) 債券掛牌處所:中華民國櫃檯買賣中心。

七、銷售限制:

本債券銷售對象僅限「金融消費者保護法」第四條第二項規定之專業投資機構。另依中華民國證券商業同業公會證券商承銷或再行銷售有價證券處理辦法第三十二條之規定,每一認購人認購數量不得超過該次承銷總數之百分之八十,惟認購人為政府基金者,不在此限。

八、通知、繳交價款及交付本公司債方式:

承銷商於發行日前通知投資人繳交價款之方式,投資人於發行日以Euroclear或Clearstream(FOP)完成交割或於發行日將本公司債之認購款項匯入承銷商指定帳戶,承銷商將本公司債撥入投資人所指定之集保帳戶。

九、公開說明書之分送揭露及取閱方式:如經投資人同意承銷商得以電子郵件方式交付公開說明書,投資人

並得至公開資訊觀測站(<http://mops.tse.com.tw>)或至各承銷商網站(法國巴黎銀行台北分行, 網址:  
<http://www.bnpparibas.com.tw>; 滙豐(台灣)商業銀行(股)公司, 網址: <http://www.hsbc.com.tw>; 渣打國  
際商業銀行(股)公司, 網址: <http://www.sc.com/tw>; 澳盛銀行集團台北分行, 網址: <http://anz.tw>)查詢下載。

十、會計師對發行人最近三年度財務資料之查核簽證意見

年度	會計師事務所	查核意見
Year ended 31 December 2013	Ernst & Young LLP	fair
Year ended 31 December 2014	Ernst & Young LLP	fair
Year ended 31 December 2015	Ernst & Young LLP	fair

十一、其他為保護公益及投資人應補充揭露事項:無。

十二、投資人應詳閱本公司債公開說明書。

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated December 17, 2015 (the “**prospectus**”) to which it relates, as amended or supplemented, and each document incorporated by reference in the prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S (“**Regulation S**”) under the U.S. Securities Act), or to, or for the account or benefit of, a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a “**U.S. Person**”), except in certain transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

**Information has been incorporated by reference in this prospectus supplement and the prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Manulife Financial Corporation at 200 Bloor Street East, NT-10, Toronto, Ontario, Canada M4W 1E5 (Telephone: (416) 926-3000), and are also available electronically at [www.sedar.com](http://www.sedar.com).

## PROSPECTUS SUPPLEMENT

(To Short Form Base Shelf Prospectus dated December 17, 2015)

New Issue

June 7, 2016



# Manulife Financial Corporation

## US\$1,000,000,000 4.70% SENIOR NOTES DUE JUNE 23, 2046

Manulife Financial Corporation (“**MFC**” or the “**Issuer**”) is offering US\$1,000,000,000 aggregate principal amount of its 4.70% senior notes due June 23, 2046 (the “**Notes**”). Interest on the Notes will be payable semi-annually in arrears on June 23 and December 23 of each year, commencing December 23, 2016. The Notes will mature on June 23, 2046 (the “**Maturity Date**”).

The Notes will be subject to redemption in whole, but not in part, at the option of MFC, on June 23, 2021 (the “**First Call Date**”) and thereafter on every June 23, on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the redemption date. MFC may also redeem the Notes in whole, but not in part, if a Tax Event (as described in “Description of the Notes”) were to occur. The Notes do not have the benefit of any sinking fund.

The Notes will be direct unsecured obligations of MFC and rank equally in right of payment with all of its existing and future unsecured and unsubordinated indebtedness. The Notes will be structurally subordinated to all existing and future liabilities of any of MFC’s subsidiaries.

Application has been made to the Taipei Exchange (the “**TPEX**”) for the listing of, and permission to deal in, the Notes by way of debt issues to “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the Republic of China (“**ROC**”) only and such permission is expected to become effective on or about June 23, 2016. Listing will be subject to MFC fulfilling all the listing requirements of the TPEX. The TPEX is not responsible for the content of this prospectus supplement or the accompanying prospectus and no representation is made by the TPEX as to the accuracy or completeness of this prospectus supplement or the accompanying prospectus. The TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this prospectus supplement or the accompanying prospectus. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of MFC or the Notes. No assurance can be given that such applications will be granted, or that the TPEX listing will be maintained.

The Notes have not been, and shall not be, offered, sold or re-sold, directly, or indirectly, to purchasers other than “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC,

which currently include: (i) overseas or domestic banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance notaries), the foregoing as further defined in more detail in Paragraph 3, Article 2 of the Financial Supervisory Commission Organization Act of the ROC, (ii) overseas or domestic fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the Securities Investment Trust and Consulting Act, the Future Trading Act or the Trust Enterprise Act, each of the ROC, or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognized by the Financial Supervisory Commission of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.

Investing in the Notes involves risks that are described in the “Caution Regarding Forward-Looking Statements” section on page S-6 and the “Risk Factors” section beginning on page S-18 of this prospectus supplement and the “Risk Factors” section beginning on page 22 of the accompanying prospectus.

MFC is permitted to prepare this prospectus supplement and the accompanying prospectus in accordance with applicable Canadian securities law disclosure requirements.

Owning the Notes may subject a purchaser to tax consequences both in the ROC and Canada. This prospectus supplement and the accompanying prospectus may not describe these tax consequences fully. Prospective purchasers should read the tax discussion in this prospectus supplement and consult with their own tax advisor with respect to their own particular circumstances.

There is no market through which the Notes may be sold and purchasers may not be able to resell Notes purchased under this prospectus supplement. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See “Risk Factors.”

	Per Note	Total
Offering Price <sup>(1)</sup> .....	100.00%	US\$1,000,000,000
Underwriting Discount .....	0.65%	US\$ 6,500,000
Proceeds to MFC (before expenses) .....	99.35%	US\$ 993,500,000

(1) Plus accrued interest from June 23, 2016, if settlement occurs after that date.

BNP Paribas, Taipei Branch (the “Lead Manager”), HSBC Bank (Taiwan) Limited and Standard Chartered Bank (Taiwan) Limited (“Standard Chartered”) (collectively with the Lead Manager, the “Managers and Joint-Bookrunners”) and Australia and New Zealand Banking Group Limited, Taipei Branch (together with the Managers and Joint-Bookrunners, the “Managers”) conditionally offer the Notes, subject to prior sale, if, as and when issued by MFC and accepted by the Managers in accordance with the conditions contained in the subscription agreement referred to under “Subscription and Sale” and subject to the approval of certain legal matters on behalf of MFC by Torys LLP and Lee & Li and on behalf of the Managers by McCarthy Tétrault LLP. The Managers are not registered to sell securities in any Canadian jurisdiction and accordingly, will only sell the Notes outside of Canada. In connection with this offering, the Managers may, to the extent permitted by law, engage in transactions that stabilize the market price of the Notes at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Subscription and Sale.”

The Notes have not been and will not be registered under the U.S. Securities Act, and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons.

The Notes may not be offered, sold or delivered, directly or indirectly, in Canada, or to, or for the benefit of, residents of Canada. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this prospectus supplement, see “Subscription and Sale”.

The Notes will be issued in registered form and will be represented upon issue by a global certificate (the “Book-Entry Security”). The Book-Entry Security will be deposited on or about the Closing Date (as defined below) with, and registered in the name of a nominee of, the common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Interests in the Book-Entry Security will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and its accountholders. The closing of the offering is expected to occur on or about June 23, 2016 or such later date as MFC and the Managers may agree (the “Closing Date”).

MFC’s head office and registered office is located at 200 Bloor Street East, Toronto, Ontario, Canada M4W 1E5 (Tel. No. 416-926-3000).

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part, this prospectus supplement, describes the specific terms of the Notes MFC is offering and also adds to and updates certain information contained in the accompanying short form base shelf prospectus and the documents incorporated by reference. The second part, the short form base shelf prospectus, dated December 17, 2015, gives more general information, some of which may not apply to the Notes we are offering by this prospectus supplement. The accompanying short form base shelf prospectus is referred to as the “**prospectus**” in this prospectus supplement.

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires:

- all references to “**MFC**” and to “**MLI**” refer to Manulife Financial Corporation and The Manufacturers Life Insurance Company, respectively, not including their subsidiaries;
- MFC and its subsidiaries, including MLI, are collectively referred to as “**Manulife**”; and
- references to “**us**,” “**we**” and “**our**” refer to Manulife.

In this prospectus supplement, all capitalized terms used and not otherwise defined herein have the meanings specified in the prospectus. In this prospectus supplement and the prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and all financial information included and incorporated by reference in this prospectus supplement and the prospectus has been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”). All references herein to “Canada” mean Canada, its provinces, its territories, its possessions and all areas subject to its jurisdiction.

**If the information in this prospectus supplement is inconsistent with information contained in the prospectus or any document incorporated by reference, you should rely on the information in this prospectus supplement.**

**You should rely only on the information contained in this prospectus supplement and the prospectus or information to which we have specifically referred you in any such document. Neither we nor the Managers, BNY Trust Company of Canada (the “Trustee”) or The Bank of New York Mellon, London Branch (the “Principal Paying Agent”) or The Bank of New York Mellon (Luxembourg) S.A. (the “Registrar” and the “Transfer Agent”, and together with the Principal Paying Agent, the “Agents”) have authorized anyone to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the Managers are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.**

The Notes are offered for sale only in those jurisdictions where it is lawful to make such offers. The distribution of this prospectus supplement and the prospectus and the offering or sale of the Notes in some jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the prospectus come are required by us and the Managers to inform themselves about and to observe any applicable restrictions. This prospectus supplement and the prospectus may not be used for or in connection with an offer or solicitation by any person in any jurisdiction in which that offer or solicitation is not authorized or to any person to whom it is unlawful to make that offer or solicitation. See “Selling Restrictions” in this prospectus supplement.

Any website address included in this prospectus supplement is an inactive textual reference only and information appearing on such website is not part of, and is not incorporated by reference in, this prospectus supplement or the prospectus.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on our behalf in such jurisdiction.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, MFC makes written and/or oral forward-looking statements, including in this prospectus supplement, the prospectus and the documents incorporated by reference in the prospectus and this prospectus supplement. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbour” provisions of Canadian provincial securities laws and the U.S. *Private Securities Litigation Reform Act of 1995*.

Forward-looking statements in this prospectus supplement, the prospectus and the documents incorporated by reference in the prospectus and this prospectus supplement include, but are not limited to, statements with respect to MFC’s possible or assumed future results set out under “Corporate Strategy,” “General Development of the Business” and “Business Operations” in our most recent annual information form (“AIF”), in the management’s discussion and analysis in our most recent annual report and our most recent interim financial report, MFC’s 2016 management objectives for core earnings and core return on common shareholders’ equity, core return on common shareholders’ equity expansion over the medium term and the drivers of such expansion, the contribution of recent major acquisitions and partnerships to annual core earnings over the medium term, the anticipated benefits and costs of the acquisition of the Canadian-based operations of Standard Life plc, the reasonableness of Manulife’s long-term through-the-cycle investment-related experience estimate, statements with respect to estimated net pre-tax savings in 2016 from MFC’s Efficiency and Effectiveness initiative, the anticipated impact of an update to Actuarial Standards Board’s ultimate reinvestment rate assumptions and the potential impact of the new United States Department of Labor rule on our operations in the United States.

The forward-looking statements in the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may,” “will,” “could,” “should,” “would,” “likely,” “suspect,” “outlook,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “plan,” “forecast,” “objective,” “seek,” “aim,” “continue,” “goal,” “restore,” “embark” and “endeavor” (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although MFC believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts’ expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements, including in the case of our 2016 management objectives for core earnings and core return on common shareholders’ equity, the assumptions described under “Key Planning Assumptions and Uncertainties” and elsewhere in the management’s discussion and analysis in our most recent annual report and our most recent interim financial report, and actual results may differ materially from those expressed or implied in such statements.

Important factors that could cause actual results to differ materially from expectations include but are not limited to:

- the factors identified in “Key Planning Assumptions and Uncertainties” in the management’s discussion and analysis in our most recent annual report;
- general business and economic conditions (including but not limited to the performance, volatility and correlation of equity markets, interest rates, credit and swap spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties);
- changes in laws and regulations;
- changes in accounting standards applicable in any of the territories in which we operate;
- changes in regulatory capital requirements applicable in any of the territories in which we operate;



- our ability to execute strategic plans and changes to strategic plans;
- downgrades in our financial strength or credit ratings;
- our ability to maintain our reputation;
- impairments of goodwill or intangible assets or the establishment of provisions against future tax assets;
- the accuracy of estimates relating to morbidity, mortality and policyholder behaviour;
- the accuracy of other estimates used in applying accounting policies, actuarial methods and embedded value methods;
- our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies;
- our ability to source appropriate assets to back our long-dated liabilities;
- level of competition and consolidation;
- our ability to market and distribute products through current and future distribution channels, including through our collaboration arrangements with Standard Life plc, bancassurance partnership with DBS Bank Ltd. and distribution agreement with Standard Chartered;
- unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses, including with respect to the acquisitions of the Canadian-based operations of Standard Life plc (“**Standard Life**”), New York Life’s retirement plan services business, and Standard Chartered’s Mandatory Provident Fund (“**MPF**”) and Occupational Retirement Schemes Ordinance (“**ORSO**”) businesses;
- the realization of losses arising from the sale of investments classified as available-for-sale;
- our liquidity, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required;
- obligations to pledge additional collateral;
- the availability of letters of credit to provide capital management flexibility;
- accuracy of information received from counterparties and the ability of counterparties to meet their obligations;
- the availability, affordability and adequacy of reinsurance;
- legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings;
- our ability to adapt products and services to the changing market;
- our ability to attract and retain key executives, employees and agents;
- the appropriate use and interpretation of complex models or deficiencies in models used;
- political, legal, operational and other risks associated with our non-North American operations;

- acquisitions and our ability to complete acquisitions including the availability of equity and debt financing for this purpose;
- the failure to realize some or all of the expected benefits of acquired businesses, including the acquisitions of Standard Life, New York Life's retirement plan services business, and Standard Chartered's MPF and ORSO businesses;
- the disruption of or changes to key elements of Manulife's systems or public infrastructure systems;
- environmental concerns;
- our ability to protect our intellectual property and exposure to claims of infringement; and
- the inability of MFC and MLI to obtain cash from subsidiaries.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in this prospectus supplement and the prospectus under "Risk Factors" as well as under "Risk Factors" in our AIF, under "Risk Management," "Risk Factors" and "Critical Accounting and Actuarial Policies" in the management's discussion and analysis in our most recent annual report, under "Risk Management and Risk Factors Update" and "Critical Accounting and Actuarial Policies" in the management's discussion and analysis in our most recent interim report, in the "Risk Management" note to the consolidated financial statements in our most recent annual report and most recent interim financial report, and elsewhere in MFC's filings with Canadian and U.S. securities regulatory authorities.

The forward-looking statements in the prospectus, this prospectus supplement or in the documents incorporated by reference in the prospectus and this prospectus supplement are, unless otherwise indicated, stated as of the date thereof, hereof or the date of the document incorporated by reference, as the case may be, and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. MFC does not undertake to update any forward-looking statement except as required by law.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

This prospectus supplement is deemed to be incorporated by reference, as of the date hereof, in the accompanying prospectus solely for the purpose of this offering. The following documents, which have been filed by MFC with the securities regulatory authorities in Canada, are incorporated by reference in the prospectus and this prospectus supplement:

- AIF dated February 18, 2016;
- audited consolidated financial statements and the notes thereto for the years ended December 31, 2015 and 2014, together with the auditors' report thereon;
- management's discussion and analysis for the audited consolidated financial statements referred to in the preceding paragraph;
- unaudited interim consolidated financial statements and the notes thereto for the three month period ended March 31, 2016;
- management's discussion and analysis for the unaudited interim consolidated financial statements referred to in the preceding paragraph; and

- management information circular dated March 9, 2016 regarding MFC’s annual meeting of shareholders held on May 5, 2016.

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by MFC and any template version of marketing materials (each as defined in National Instrument 41-101 — *General Prospectus Requirements*) filed by MFC with the Canadian securities regulatory authorities after the date of this prospectus supplement and prior to the termination of the distribution of the Notes shall be deemed to be incorporated by reference in the prospectus and this prospectus supplement.

**Any statement contained in this prospectus supplement, the prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or in the prospectus shall be deemed to be modified or superseded, for the purposes of this prospectus supplement, or the prospectus, as the case may be, to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the prospectus.**

#### EXCHANGE RATE INFORMATION

Manulife publishes its consolidated financial statements in Canadian dollars. In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to “dollars” or “\$” are to Canadian dollars and references to “US\$” are to United States dollars.

The following table sets forth the Canada/U.S. exchange rates on the last day of the periods indicated as well as the high, low and average rates for such periods. The high, low and average exchange rates for each period were identified or calculated from spot rates in effect on each trading day during the relevant period. The exchange rates shown are expressed as the number of U.S. dollars required to purchase one Canadian dollar. These exchange rates are based on those published on the Bank of Canada’s website as being in effect at approximately noon on each trading day (the “**Bank of Canada noon rate**”). On June 6, 2016, the Bank of Canada noon rate was US\$0.7778 equals \$1.00.

	January 1, 2016 – June 6, 2016	Year Ended December 31,		
		2015	2014	2013
Period End .....	0.7808	0.7225	0.8620	0.9402
High .....	0.7972	0.8527	0.9422	1.0164
Low .....	0.6854	0.7148	0.8589	0.9348
Average .....	0.7478	0.7820	0.9054	0.9710

## SUMMARY

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to invest in the Notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled “Risk Factors” in this prospectus supplement and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, which contain our consolidated financial statements and the related notes, before making an investment decision.*



### **Our Company**

We are a leading international financial services group providing forward-thinking solutions to help people with their big financial decisions. We operate as John Hancock in the United States, and Manulife elsewhere. We provide financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. Our principal operations are in Asia, Canada and the United States where we have served customers for more than 100 years. Manulife also provides investment management services with respect to our general fund assets, segregated fund assets, mutual funds, and to institutional customers. We also offer specialized property and aviation retrocession products.

As at December 31, 2015, Manulife had more than 33,000 employees, operated in more than 20 countries and territories and was among the ten largest life insurers in the world based on market capitalization. Our business is organized into three major operating divisions: Asia Division, Canadian Division and U.S. Division. In addition, asset management services are provided by our Investment Division, operating as Manulife Asset Management. Each division has profit and loss responsibility and develops products, services, distribution and marketing strategies based on the profile of its business and the needs of its market. The external asset management business of the Investment Division is included under the Corporate and Other reporting segment. Our property and casualty reinsurance business line is reported under the Corporate and Other reporting segment. This business line is a well-established participant in the highly specialized property and aviation catastrophe retrocession market.

MFC is a life insurance company incorporated under the *Insurance Companies Act* (Canada) (the “ICA”). MFC was incorporated on April 26, 1999 for the purpose of becoming the publicly traded holding company of MLI following its demutualization. MLI was incorporated on June 23, 1887, by a Special Act of Parliament of the Dominion of Canada. Pursuant to the provisions of the *Canadian and British Insurance Companies Act* (Canada), the predecessor legislation to the ICA, MLI undertook a plan of mutualization and became a mutual life insurance company on December 19, 1968. As a mutual life insurance company, MLI had no common shareholders and its Board of Directors was elected by its participating policyholders in accordance with the ICA. Pursuant to Letters Patent of Conversion, effective September 23, 1999, MLI implemented a plan of demutualization under the ICA and converted to a life insurance company with common shares and became a wholly owned subsidiary of MFC.

### **Asia Division**

Manulife has operated in Asia since 1897. Today, we are a pan-Asian financial services provider with insurance and wealth and asset management operations across twelve markets. We operate through subsidiaries in Japan, the Philippines, Singapore, Indonesia, Taiwan, Thailand, Vietnam and Cambodia, and through branches of a subsidiary in Hong Kong and Macau. In mainland China, we operate through joint ventures. In Malaysia, we operate through a publicly traded corporation with an ownership stake of approximately 59%. For the year ended December 31, 2015, the Asia Division generated revenues of \$14.1 billion.

We offer a diverse portfolio of products and services in Asia, including life and health insurance, annuities, mutual funds and retirement solutions that cater to the needs of individuals and corporate customers. To reach our customers, we distribute products through a multi-channel network, including bank partners, independent agents, financial advisors and brokers, and more than 60,000 exclusive agents, serving over 8 million customers. The bank partnerships include a regional partnership with DBS Bank Ltd., effective January 1, 2016, which along with six other exclusive partnerships gives us access to almost 18 million bank customers.

### **Canadian Division**

Serving one in five Canadians, we are a leading financial services organization in Canada. We offer a diverse range of protection, estate planning, investment and banking solutions through a diversified multi-channel distribution network, meeting the needs of a broad marketplace. The Canadian Division businesses are aligned within four pillars focused on Retail Markets, Institutional Markets, Banking and Advisory Services. For the year ended December 31, 2015, the Canadian Division generated revenues of \$10.1 billion.

Retail Markets provides broad-based solutions targeting middle- and upper-income individuals and business owners, which are sold mainly through independent advisors. We offer life and living benefits (disability, critical illness and long-term care) insurance; mutual funds; structured products; segregated fund products; guaranteed interest contracts; and fixed annuities.

Institutional Markets provides group life, health, disability and retirement solutions to Canadian employers through consultants and brokers, as well as independent advisors. We also provide international employee benefits management to multinational corporations. Individual life, health and specialty products, such as travel insurance, are offered through alternative distribution channels, including sponsor groups and associations, as well as direct-to-consumer marketing.

Manulife Bank of Canada offers investment loans and mortgages, including our innovative Manulife One product, guaranteed investment certificates and high interest savings accounts to provide Canadians with flexible debt and cash flow management solutions as part of their financial plan.

Advisory Services supports the other pillars through sales and referrals of financial solutions and advice to customers and advisors. Advisory Services includes our advisor partners licensed through Manulife Securities Incorporated and Manulife Securities Investment Services Inc. (collectively, “**Manulife Securities**”) and the Independent Advisor Channel; Manulife Capital Markets, which provides Manulife Securities advisors access to a wide range of financial products; and Manulife Private Wealth, which provides affluent clients with an integrated approach to wealth management through discretionary investment management, private banking and estate services.

### **U.S. Division**

The U.S. Division operates under the John Hancock brand. Our well-known brand provides a strong foundation for our businesses. The U.S. Division leverages our trusted brand to provide innovative solutions to meet our customers’ wealth and protection needs. For the year ended December 31, 2015, the U.S. Division generated revenues of \$10.1 billion.

The U.S. Division consists of U.S. Insurance and U.S. Wealth Management businesses. U.S. Insurance, which consists of JH Life and JH Long-Term Care businesses, offers life, wealth accumulation and long-term care insurance solutions to select markets. U.S. Wealth Management, which consists of JH Wealth Asset Management and JH Annuities businesses, provides clients with a wide selection of investment and retirement savings solutions for their personal, family and business needs.

In addition to utilizing a wide variety of distribution channels and networks, the U.S. Division offers products and services through a recognized and established affiliated retail network, Signator Investors Inc. (“**Signator**”), formerly John Hancock Financial Network. With an open product platform including a comprehensive range of investment and protection products from leading carriers, Signator helps financial professionals meet client needs. Signator provides a wealth of resources to support business and professional development, giving

entrepreneurial financial professionals the power to effectively build unique businesses, based on their own vision and market opportunity. During the fall of 2015, Signator announced that it agreed to acquire certain assets of Transamerica Financial Advisors, Inc., a Transamerica company. This acquisition will strengthen Signator's position as a leading independent broker dealer in the U.S., providing increased scale that will allow it to continue to provide the resources and technology to help its advisors efficiently grow their businesses.

### **Recent Developments**

On May 25, 2016, MFC completed a Singapore public offering of 500 million Singapore dollars aggregate principal amount of 3.85% subordinated notes due 2026 (the "**Singapore Subordinated Notes**").

## The Offering

*The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the Notes, see “Description of the Notes” in this prospectus supplement and “Description of Debt Securities” in the prospectus.*

<b>Issuer .....</b>	Manulife Financial Corporation
<b>Securities Offered .....</b>	US\$1,000,000,000 aggregate principal amount of 4.70% senior notes due June 23, 2046.
<b>Denomination.....</b>	The Notes will be issued in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
<b>Interest Payment Dates .....</b>	June 23 and December 23 of each year, commencing on December 23, 2016.
<b>Maturity Date .....</b>	The Notes will mature on June 23, 2046.
<b>Ranking .....</b>	The Notes will be direct unsecured obligations of MFC and rank equally in right of payment with all of its existing and future unsecured and unsubordinated indebtedness. The Notes will be structurally subordinated to all existing and future liabilities of any of MFC’s subsidiaries.
<b>Optional Redemption .....</b>	The Notes will be subject to redemption in whole, but not in part, at the option of MFC, on the First Call Date and thereafter on every June 23, on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the redemption date, as described under “Description of the Notes—Optional Redemption.”
<b>Tax Redemption .....</b>	If a Tax Event (as defined under “Description of the Notes”) has occurred and is continuing, the Notes will be subject to redemption in whole, but not in part, at the option of MFC, at any time, on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the redemption date. See “Description of the Notes—Tax Redemption.”
<b>Listing of the Notes.....</b>	Application has been made to the TPEX for the listing of, and permission to deal in, the Notes by way of debt issues to “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only and such permission is expected to become effective on or about June 23, 2016. Listing will be subject to MFC fulfilling all the listing requirements of the TPEX. The TPEX is not responsible for the content of this prospectus supplement or the accompanying prospectus and no representation is made by the TPEX as to the accuracy or completeness of this prospectus supplement or the accompanying prospectus. The TPEX expressly disclaims any

and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this prospectus supplement or the accompanying prospectus. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of MFC or the Notes. No assurance can be given that such applications will be granted, or that the TPEX listing will be maintained.

**Form and Clearing .....**

The Notes will be issued in registered form and will initially be represented by a single Book-Entry Security which will be deposited with and registered in the name of a nominee for the common depository for Euroclear and Clearstream, Luxembourg. Except as described under “Summary of Provisions Relating to the Notes in Global Form” in this prospectus supplement, Notes in definitive form will not be issued.

For so long as the Notes are represented by the Book-Entry Security and Euroclear and Clearstream, Luxembourg so permit, interests in the Notes shall be tradeable in principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**Additional Issues .....**

MFC may, from time to time, without notice to or the consent of holders of the Notes, create and issue additional notes having the same terms and conditions as the Notes offered hereby in all respects except for the issue date, issue price and, if applicable, the initial interest accrual date and the first payment of interest following the issue date of the new notes. Subject to the receipt of all necessary regulatory and listing approvals from applicable authorities in the ROC, including but not limited to TPEX, these additional notes may be consolidated and form a single series with the previously issued Notes and have the same terms as to status, redemption or otherwise as the previously issued Notes. The Notes offered hereby and any additional notes would rank equally and rateably.

**Restrictive Covenants.....**

The Indenture (as defined in “Description of the Notes”) pursuant to which the Notes will be issued contains certain covenants that, among other things, restrict MFC’s ability to consolidate or merge with a third party or transfer all or substantially all of its assets.

These covenants are subject to important exceptions and qualifications which are described under the captions “Description of the Notes— Amalgamation, Merger, Consolidation or Sale of Assets.”

**Additional Amounts .....**

MFC will make payments under or with respect to the Notes without withholding or deduction for or on account of Canadian taxes unless such withholding or deduction is required by law or



the interpretation or administration thereof, in which case, subject to certain exemptions, MFC will pay such additional amounts as may be necessary so that the net amount received by holders of the Notes after such withholding or deduction will equal the amount that such holders would have received in the absence of such withholding or deduction. See “Description of the Notes—Payment of Additional Amounts.”

<b>Trustee</b> .....	BNY Trust Company of Canada.
<b>Principal Paying Agent</b> .....	The Bank of New York Mellon, London Branch.
<b>Registrar and Transfer Agent</b> .....	The Bank of New York Mellon (Luxembourg) S.A.
<b>Use of Proceeds</b> .....	MFC intends to use the net proceeds of the offering of Notes for general corporate purposes.
<b>Governing Law</b> .....	The Notes and the Indenture governing the Notes will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
<b>Selling Restrictions</b> .....	<p>The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.</p> <p>The Notes may not be offered, sold or delivered, directly or indirectly, in Canada, or to, or for the benefit of, residents of Canada.</p> <p>The Notes are being sold outside the United States to non-U.S. persons in reliance on Regulation S and other applicable laws.</p>
<b>ISIN and Common Code</b> .....	The ISIN for this issue is XS1431331419 and the Common Code is 143133141.

## Summary Consolidated Financial Information

The following table sets forth certain summary historical consolidated financial information of Manulife. This summary consolidated financial information should be read in conjunction with and is qualified by reference to the financial statements from which it is derived. We derived the consolidated financial information for each of the years ended December 31, 2015 and 2014 and as at December 31, 2015 and 2014 from our audited consolidated financial statements incorporated by reference herein. We derived the consolidated financial information for the year ended and as at December 31, 2013 from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement or the accompanying prospectus. We derived the consolidated financial information for the three months ended March 31, 2016 and 2015 and as at March 31, 2016 from our unaudited interim consolidated financial statements incorporated by reference herein. The following consolidated statements of income and consolidated statements of financial position data have been prepared in accordance with IFRS.

You should read the following information in conjunction with our financial statements and the other financial and statistical information that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

	For Year Ended December 31			For Three Months Ended March 31	
	2013	2014	2015	2015	2016
	(\$ in millions)			(\$ in millions)	
<b>Consolidated Statement of Income</b>					
<b>Data:</b>					
Revenue					
Net premiums excluding Closed Block reinsurance transaction <sup>(1)</sup> .....	17,510	17,813	23,925	5,403	6,728
Premiums ceded, net of commission and additional consideration relating to Closed Block reinsurance transaction <sup>(1)</sup> .....	—	—	(7,996)	—	—
Net investment income (loss) <sup>(2)</sup> .....	(7,747)	27,836	8,403	7,985	12,162
Other revenue .....	8,876	8,739	10,098	2,426	2,829
Total revenue .....	18,639	54,388	34,430	15,814	21,719
Net benefits and claims .....	3,853	38,365	17,341	11,597	16,672
Total contract benefits and expenses .....	14,892	50,124	31,812	14,970	20,366
Income before income taxes .....	3,747	4,264	2,618	844	1,353
Income tax expense .....	(581)	(671)	(328)	(116)	(298)
Net income .....	3,166	3,593	2,290	728	1,055
Net income (loss) attributed to non-controlling interests and participating policyholders .....	36	92	99	5	10
Net income attributed to shareholders .....	3,130	3,501	2,191	723	1,045
Preferred share dividends .....	(131)	(126)	(116)	(29)	(29)
Common shareholders' net income .....	2,999	3,375	2,075	694	1,016

	As at December 31			As at March 31
	2013	2014	2015	2016
	(\$ in millions)			(\$ in millions)
<b>Consolidated Statement of Financial Position</b>				
<b>Data:</b>				
Assets				
Total invested assets	232,709	269,310	309,267	308,450
Total other assets	41,048	53,564	82,127	90,217
Segregated funds net assets	239,871	256,532	313,249	298,684
Total assets	513,628	579,406	704,643	697,351
Liabilities				
Insurance contract liabilities	193,242	229,513	287,059	286,514
Investment contract liabilities	2,524	2,644	3,497	3,253
Other liabilities	39,798	45,260	49,352	55,848
Long-term debt	4,775	3,885	1,853	4,048
Liabilities for preferred shares and capital instruments	4,385	5,426	7,695	7,653
Liabilities for subscription receipts <sup>(3)</sup>	—	2,220	—	—
Segregated funds net liabilities	239,871	256,532	313,249	298,684
Total liabilities	484,595	545,480	662,705	656,000
Equity				
Shareholders' accumulated other comprehensive income ("AOCI")	46	2,166	6,992	5,275
Shareholders' equity excluding AOCI	28,477	31,140	34,167	35,274
Total shareholders' equity	28,523	33,306	41,159	40,549
Non-controlling interests and participating policyholders' equity	510	620	779	802
Total equity	29,033	33,926	41,938	41,351
Total liabilities and equity	513,628	579,406	704,643	697,351

- (1) Effective July 1, 2015, U.S. Division's Retirement Plan Services business included the assumption by New York Life of John Hancock's in-force participating life insurance closed block (the "Closed Block") through net 60% reinsurance agreements. The Closed Block transaction with New York Life resulted in a net ceded premium of approximately \$8.0 billion, reported as a reduction in premiums net of commissions received and additional consideration received relating to New York Life's retirement plan services business.
- (2) Realized and unrealized gains (losses) on assets supporting insurance and investment contract liabilities are mostly offset by changes in the measurement of our policy obligations. For fixed income assets supporting insurance and investment contracts, equities supporting pass-through products and derivatives related to variable annuity hedging programs, the impact of realized/unrealized gains (losses) on the assets is largely offset in the change in insurance and investment contract liabilities. The realized/unrealized gains (losses) on assets supporting insurance and investment contract liabilities related primarily to the impact of interest rate changes on bond and fixed income derivative positions as well as interest rate swaps supporting the dynamic hedge program.
- (3) On September 15, 2014, as part of the financing of the transaction related to the purchase of Standard Life, MFC issued 105,647,334 subscription receipts through a combination of a public offering and a private placement with the Caisse de dépôt et placement du Québec. The net cash proceeds from the sale of the subscription receipts were held by an escrow agent, in a restricted account, until closing of the transaction on January 30, 2015. Each subscription receipt entitled the holder to automatically receive, without payment of additional consideration or further action, one common share of MFC together with an amount equal to the per share dividends MFC declared on its common shares for record dates which occurred in the period from September 15, 2014 up to January 29, 2015, net of any applicable withholding taxes. On January 30, 2015, Manulife completed its purchase of Standard Life for cash consideration of \$4 billion. On the same day, MFC's outstanding subscription receipts were automatically converted on a one-for-one basis for 105,647,334 MFC common shares with a stated value of approximately \$2.2 billion.

## RISK FACTORS

*An investment in the Notes is subject to various risks, including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in the Notes, you should carefully consider the risks relating to Manulife and the other information in this prospectus supplement, the prospectus and the documents incorporated by reference in this prospectus supplement and the prospectus, including the risks and uncertainties discussed under “Risk Factors” in our AIF, under “Risk Management”, “Risk Factors” and “Critical Accounting and Actuarial Policies” in the management’s discussion and analysis in our most recent annual report, under “Risk Management and Risk Factors Update” and “Critical Accounting and Actuarial Policies” in the management’s discussion and analysis in our most recent interim financial report, in the “Risk Management” note to the consolidated financial statements in our most recent annual report and most recent interim financial report, and elsewhere in MFC’s filings with Canadian and U.S. securities regulatory authorities. The risks and uncertainties described below, in the prospectus and in the documents incorporated by reference are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Notes could decline and you could lose all or part of your investment.*

***Because the Indenture contains no limit on the amount of additional debt that we may incur, our ability to make timely payments on the Notes may be affected by the amount and terms of our future debt.***

Our ability to make timely payments on our outstanding debt may depend on the amount and terms of our other obligations, including any Notes. The Indenture does not contain any limitation on the amount of indebtedness or other liabilities that we or any of our subsidiaries may incur in the future, including additional senior debt securities. As we issue additional notes under the Indenture or incur other indebtedness, unless our earnings grow in proportion to our debt and other fixed charges, our ability to service the Notes on a timely basis may become impaired. We expect that we will from time to time incur additional debt and other liabilities. In addition, MFC is not restricted from paying dividends on or repurchasing its securities under the Indenture.

***The value of the Notes will be affected by the general creditworthiness of MFC.***

The value of the Notes will be affected by the general creditworthiness of MFC. Real or anticipated changes in credit ratings of MFC may affect the market value of the Notes. No assurance can be given that any credit rating assigned to MFC will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the insurance and wealth management products offered by MFC and could affect the cost at which MFC obtains funding, thereby affecting MFC’s liquidity, business, financial condition or results of operations.

During 2015, Standard & Poor’s Financial Services LLC (“**Standard & Poor’s**”), Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and A.M. Best Company maintained their assigned ratings of MFC and its primary insurance operation companies. On December 17, 2015, following the publication and application of its new rating methodology, DBRS Limited (“**DBRS**”) assigned a new Financial Strength Rating of AA (low) to MLI, and confirmed its Issuer Rating and ratings of its debt and capital instruments. DBRS withdrew the Claims Paying Ability rating of MLI, as it was replaced by the newly assigned Financial Strength Rating. At the same time, DBRS assigned a new Issuer Rating of A to MFC and downgraded the ratings of MFC’s debt and capital instruments by one-notch each. On August 19, 2015, following the application of its newly updated insurance notching criteria, Fitch Ratings, Inc. (“**Fitch**”) affirmed MFC’s and its primary insurance related operating subsidiaries’ ratings. At the same time, Fitch downgraded the ratings on MFC’s preferred shares by one-notch to BBB- and upgraded the ratings on MLI’s subordinated debt by one-notch to A. All ratings are with a stable outlook. On March 18, 2016, after the identification of a misapplication of its guaranty criteria, Standard & Poor’s placed the AA- insurer financial strength rating of Manulife Life Insurance Company (“**Manulife Japan**”) on CreditWatch with negative implications. Standard & Poor’s expects to resolve the CreditWatch with negative implications by June 16, 2016, after completing its review of Manulife Japan’s strategic importance to Manulife or after completing its review of any revised guarantee that may be provided by its parent company.

Credit rating agencies remain concerned with: (i) our capital and net earnings volatility associated with fair-value accounting; (ii) net exposures to equity markets and lower interest rates; (iii) challenges associated with managing in-force long term care, universal life with secondary guarantees; and (iv) variable annuity products in the U.S. Some credit rating agencies also view, albeit to a lesser extent in more recent periods, our financial leverage and earnings coverage metrics as not meeting expectations. There can be no guarantee that downgrades will not occur.

***The market value of the Notes may fluctuate.***

Prevailing interest rates on similar debt instruments will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes would be expected to decline as prevailing interest rates for comparable debt instruments rise, and would be expected to increase as prevailing interest rates for comparable debt instruments decline.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Notes for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Notes. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States, Taiwan or other countries could adversely affect us and the market price of the Notes. Additionally, the value of the Notes is subject to market value fluctuations based upon factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

***The Notes are redeemable at MFC's option or upon the occurrence of certain events.***

The Notes are redeemable at MFC's option, as set forth in this prospectus supplement, and MFC may choose to redeem the Notes from time to time, in accordance with its rights under the Indenture, including when prevailing interest rates are lower than the rate borne by the Notes. If prevailing rates are lower at the time of redemption, a purchaser may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. MFC's redemption right also may adversely impact a purchaser's ability to sell the Notes as the optional redemption date or period approaches.

In addition to MFC's option, MFC may redeem the Notes, in whole, but not in part, at any time, on not less than 30 nor more than 60 days' prior notice upon the occurrence of a Tax Event. See "Description of the Notes – Tax Redemption".

Holder of the Notes will have no right to call for the redemption of the Notes and should not invest in the Notes in the expectation that such a call will be exercised by MFC. Any decisions by MFC as to whether it will exercise redemption options in respect of the Notes will be taken at the absolute discretion of MFC with regard to factors such as the economic impact of exercising such redemption options, regulatory capital requirements and prevailing market conditions. There can be no assurance that holders of Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

***Our holding company structure may adversely affect the ability of the holders of Notes to receive payments on the Notes.***

MFC is a holding company that relies on dividends and interest payments from its insurance and other subsidiaries as the principal source of cash flow to meet its obligations with respect to its indebtedness (including the Notes). As a result, MFC's cash flows and ability to service its obligations, including the Notes, are dependent upon the earnings of its subsidiaries and the distribution of those earnings and other funds by its subsidiaries to it. Substantially all of MFC's business is currently conducted through its subsidiaries. In addition, the Superintendent of Financial Institutions (Canada) (the "Superintendent") is considering capital requirements for MLI on a stand-alone basis that could further restrict dividends and other distributions to MFC.

MLI is MFC's principal operating subsidiary. The payment of dividends to MFC by MLI is subject to restrictions set out in the ICA. The ICA prohibits the declaration or payment of any dividend on shares of an insurance company if there are reasonable grounds for believing: (i) the company does not have adequate capital and adequate and appropriate forms of liquidity; or (ii) the declaration or the payment of the dividend would cause the company to be in contravention of any regulation made under the ICA respecting the maintenance of adequate capital and adequate and appropriate forms of liquidity, or of any direction made to the company by the Superintendent. All of our U.S. and Asian operating life insurance companies are subsidiaries of MLI. Accordingly, a restriction on dividends from MLI would prevent MFC from obtaining dividends from its U.S. and Asian insurance businesses.

Certain of MFC's U.S. insurance subsidiaries also are subject to insurance laws in Michigan, New York, Massachusetts and Vermont, the jurisdictions in which these subsidiaries are domiciled, which impose general limitations on the payment of dividends and other upstream distributions by these subsidiaries to MLI. Our Asian insurance subsidiaries are also subject to restrictions in the jurisdictions in which these subsidiaries are domiciled which could affect their ability to pay dividends to MLI in certain circumstances. In addition, the ability of MFC's insurance subsidiaries to pay dividends to MFC in the future will depend on their earnings and regulatory restrictions. These subsidiaries are subject to a variety of insurance and other laws and regulations that vary by jurisdiction and are intended to protect policyholders and beneficiaries in that jurisdiction first and foremost, rather than investors. These subsidiaries are generally required to maintain solvency and capital standards as set by their local regulators and may also be subject to other regulatory restrictions, all of which may limit the ability of subsidiary companies to pay dividends or make distributions to MFC. Such limits could have a material adverse effect on MFC's liquidity, including its ability to service its debt, including the Notes.

Potential changes to regulatory capital and actuarial and accounting standards could also limit the ability of the insurance subsidiaries to pay dividends or make distributions and could have a material adverse effect on MFC's liquidity and on internal capital mobility, including on MFC's ability to service its debt, including the Notes. We may be required to raise additional capital, which could be dilutive to existing shareholders, or to limit the new business we write, or to pursue actions that would support capital needs but adversely impact our subsequent earnings potential. In addition, the timing and outcome of these initiatives could have a significantly adverse impact on our competitive position relative to that of other Canadian and international financial institutions with which we compete for business and capital.

MFC seeks to maintain capital in its insurance subsidiaries in excess of the minimum required in all jurisdictions in which MFC does business. The minimum requirements in each jurisdiction may increase due to regulatory changes and we may decide to maintain additional capital in our operating subsidiaries to fund expected growth of the business or to deal with changes in the risk profile of such subsidiaries. Any such increases in the level of capital may reduce the ability of the operating companies to pay dividends and have a material adverse effect on MFC's liquidity.

***Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Notes.***

Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Notes.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to MFC may not reflect the potential impact of all risks. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

There can be no assurance that the ratings of MFC will remain in effect for any given period or that the ratings will not be revised or withdrawn by the rating agencies in the future if, in their judgment, circumstances so

warrant. MFC has no obligation to inform holders of the Notes of any such revision or withdrawal. A revision or withdrawal of the ratings of MFC may affect the market price of the Notes.

A credit rating from one credit rating agency is not an indication that other credit rating agencies will assign the same or equivalent ratings to MFC in the future. Any ratings that are assigned to MFC are not an indication that a rating will be assigned on the Notes nor would that imply the potential rating that could be assigned on the Notes. Any ratings assigned by any credit rating agencies in the future may be lower than Standard and Poor's and Fitch's ratings for MFC, which may affect the market price of the Notes.

***The Notes are not guaranteed by any of our subsidiaries and the Notes will be structurally subordinated to all existing and future liabilities of our subsidiaries.***

The Notes are obligations exclusively of MFC and are not guaranteed by any of our subsidiaries, and our subsidiaries have no obligation to pay any amounts due on the Notes. Furthermore, except to the extent MFC has a priority or equal claim against its subsidiaries as a creditor, the Notes will be structurally subordinated to debt and preferred stock at the subsidiary level because, as the common shareholder of its subsidiaries, MFC will be subject to the prior claims of creditors of its subsidiaries. As a result, a holder of Notes will not have any claim as a creditor against our subsidiaries. Accordingly, the Notes are structurally subordinated to all liabilities of MFC's subsidiaries, including liabilities to policyholders and contract holders. Therefore, holders of Notes should rely only on MFC's assets for payments on the Notes. As of March 31, 2016, MFC's subsidiaries had \$7,661 million of long-term debt and liabilities for preferred shares and capital instruments.

***Each series of Notes will constitute a separate series of Notes under the Indenture.***

Each time we issue Notes, the Notes that we issue will constitute a separate series of debt securities for purposes of the Indenture (unless it is specifically provided that the Notes so issued will constitute a re-opening of an outstanding series of Notes). This may result in adverse consequences to holders of Notes, if an event of default were to occur with respect to the Notes of a particular series but not with respect to any other series of Notes. If this were to occur, holders of Notes of the series in respect of which such event of default shall have occurred may be entitled to accelerate the Notes of such series while holders of Notes of other series, in the absence of any event of default, will not be entitled to accelerate their Notes or pursue any other remedy. As a result, holders of Notes that have been accelerated may be entitled to payment in full in respect of their claims while holders of Notes of other series that have not been accelerated will not be entitled to any such payment until such payment is due in accordance with the terms of the Notes of such series or an event of default shall have occurred with respect to the Notes of such series.

***There is no existing public market for the Notes, a market may not develop and you may have to hold your Notes to maturity.***

The Notes are a new issue of securities and there is no existing trading market for the Notes. We have applied to list the Notes on the TPEX; however, listing will be subject to MFC fulfilling all the listing requirements of the TPEX and we cannot make any assurance that our application to list the Notes on the TPEX will be approved or that the TPEX listing will be maintained. If the Notes fail to or cease to be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes. Even if listed on the TPEX, active trading markets for the Notes may not develop and any markets that do develop may not provide sufficient liquidity for the holders to sell their Notes at prices they find acceptable, or at all. No assurance can be given as to the future price level of the Notes after their initial issue.

The Managers intend to make a secondary market for the Notes. However, they are not obligated to do so and may discontinue making a secondary market for the Notes at any time without notice. If a trading market for the Notes develops, no assurance can be given as to how liquid that trading market will be. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, performance and prospects.

***If a trading market does develop, changes in our credit ratings or the debt markets could adversely affect the market price of the Notes.***

The price for the Notes depends on many factors, including:

- our credit ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects; and
- the overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the Notes.

In addition, credit rating agencies continually review their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the insurance industry as a whole and may change their credit rating for MFC based on their overall view of our industry. A negative change in our rating could have an adverse effect on the price of the Notes.

***The terms of the Indenture and the Notes provide only limited protection against significant events that could adversely impact an investment in the Notes.***

The Indenture governing the Notes does not:

- require MFC to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;
- restrict MFC's subsidiaries' ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to MFC's equity interests in its subsidiaries and therefore rank effectively senior to the Notes with respect to the assets of its subsidiaries;
- restrict MFC's ability to enter into a recapitalization transaction, change of control, highly leveraged transaction or similar transaction that may adversely affect you, except to the limited extent described under "Description of the Notes—Amalgamation, Merger, Consolidation or Sale of Assets"; or
- restrict MFC's ability to make investments or to repurchase, or pay dividends or make other payments in respect of, its common shares or other securities ranking equally with or junior to the Notes.

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the Indenture and the Notes do not restrict MFC's ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on an investment in the Notes.

***Under certain circumstances, payments on the Notes may be subject to U.S. information reporting and withholding tax under FATCA.***

Under the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and related U.S. Treasury guidance ("**FATCA**"), a withholding tax of 30% will be imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends ("**withholdable payments**") and (ii) payments by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) ("**FFIs**") that agree to comply with FATCA ("**participating FFIs**") that are attributable to withholdable payments ("**foreign passthru payments**"). It is uncertain at present when



payments will be treated as “attributable” to withholdable payments. FATCA withholding on foreign passthru payments generally will not apply to debt obligations that are issued on or before the date that is six months after the date on which the final U.S. Treasury Regulations that define “foreign passthru payments” (“**passthru payment regulations**”) are filed unless such obligations are materially modified after that date.

It is possible that, in order to comply with FATCA, we (or if the Notes are held through an FFI, such FFI) may be required, pursuant to an agreement with the United States (an “**FFI Agreement**”) or under applicable non-U.S. law enacted in connection with an inter-governmental agreement between the United States and another jurisdiction (an “**IGA**”) to request certain information and documentation from the holders or beneficial owners of the Notes, which may be provided to the Internal Revenue Service (the “**IRS**”). In addition, if the terms of the Notes are materially modified on a date more than six months after the date on which the passthru payment regulations are filed, then it is possible that we or a financial institution through which the Notes are held may be required to apply the FATCA withholding tax to any payment with respect to the Notes treated as a foreign passthru payment made after the later of (a) December 31, 2018, and (b) the date on which the passthru payment regulations are published if any required information or documentation is not provided or if payments are made to certain FFIs that have not agreed to comply with an FFI Agreement (and are not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA).

Each non-U.S. person considering an investment in the Notes should consult its own tax advisor regarding the application of FATCA to the Notes.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Notes will amount to approximately US\$992,875,000, after deducting underwriting commissions and the estimated expenses of the offering. MFC intends to use the net proceeds from the sale of the Notes offered by this prospectus supplement for general corporate purposes.

## CAPITALIZATION

The following table sets forth the share capital and consolidated indebtedness of Manulife as of March 31, 2016 and as adjusted to give effect to the issuance of the Notes offered by this prospectus supplement. The table below should be read together with the detailed information and financial statements appearing in the documents incorporated by reference in the prospectus and this prospectus supplement.

	<b>As at March 31, 2016</b>	
	<b>Actual</b>	<b>As adjusted</b>
	<b>(\$ in millions)</b>	
Long-term senior debt <sup>(1)</sup> .....	4,048	4,048
Notes offered hereby <sup>(2)</sup> .....	—	1,288
Liabilities for preferred shares and capital instruments .....	7,653	7,653
Equity		
Non-controlling interests .....	631	631
Participating policyholders' equity .....	171	171
Shareholders' equity .....		
Preferred shares .....	3,110	3,110
Common shares .....	22,804	22,804
Contributed surplus .....	286	286
Shareholders' retained earnings .....	9,074	9,074
Shareholders' AOCI .....	5,275	5,275
Total equity.....	41,351	41,351
Total capitalization .....	53,052	54,340

(1) Does not reflect 500,000,000 Singapore dollars of Singapore Subordinated Notes issued on May 25, 2016.

(2) U.S. dollar amount was converted into Canadian dollar amount at the Bank of Canada noon rate on March 31, 2016 of US\$0.7710 equal to \$1.00.

## EARNINGS COVERAGE INFORMATION

### For the twelve months ended December 31, 2015

For the 12 months ended December 31, 2015, the interest requirements (the “**MFC Debt Interest**”) on the senior long-term indebtedness of MFC, subordinated long-term indebtedness of MLI, the surplus notes of John Hancock Life Insurance Company (U.S.A.), the subordinated notes issued by John Hancock Financial Corporation to Manulife Finance (Delaware) LLC, plus other notes payable, net of related currency and interest rate swaps, would have amounted to \$492 million after giving effect to the issuance by MFC of (a) US\$1.75 billion aggregate principal amount of two series of its senior notes (together, the “**US Senior Notes**”) consisting of US\$1.0 billion aggregate principal amount of 4.150% senior notes due 2026 and US\$750 million aggregate principal amount of 5.375% senior notes due 2046 and (b) the Singapore Subordinated Notes, and would have amounted to \$552 million after giving effect to the issuance of the US Senior Notes, the Singapore Subordinated Notes and the Notes.

For the 12 months ended December 31, 2015, the “**MFC Aggregate Debt Interest**”, defined as the sum of (a) the MFC Debt Interest, net of related currency and interest rate swaps, (b) interest requirements on the liabilities for capital instruments related to the Manulife Financial Capital Trust II Notes – Series 1 and (c) the pre-tax equivalent of the dividends on the liabilities for preferred shares accounted for as interest expense, would have amounted to \$575 million after giving effect to the issuance of the US Senior Notes and the Singapore Subordinated Notes, and would have amounted to \$635 million after giving effect to the issuance of the US Senior Notes, the Singapore Subordinated Notes and the Notes.

For the 12 months ended December 31, 2015, the “**MFC Total Debt Interest**”, defined as the sum of (a) the interest requirements on other outstanding indebtedness, excluding interest expense on the liabilities for subscription receipts, and (b) MFC Aggregate Debt Interest, would have amounted to \$752 million after giving effect to the issuance of the US Senior Notes and the Singapore Subordinated Notes, and would have amounted to \$812 million after giving effect to the issuance of the US Senior Notes, the Singapore Subordinated Notes and the Notes. From MFC’s perspective, the other outstanding indebtedness represents operational leverage, not financial leverage.

For the 12 months ended December 31, 2015, the consolidated earnings of MFC before the deduction of MFC Aggregate Debt Interest and income taxes amounted to \$3,062 million. After giving effect to the issuance of the US Senior Notes and the Singapore Subordinated Notes, this amount would have been approximately 6.2 times the MFC Debt Interest and approximately 5.3 times the MFC Aggregate Debt Interest for the same period. After giving effect to the issuance of the US Senior Notes, the Singapore Subordinated Notes and the Notes, for the 12 months ended December 31, 2015, the consolidated earnings of MFC before the deduction of MFC Aggregate Debt Interest and income taxes would have been approximately 5.5 times the MFC Debt Interest and approximately 4.8 times the MFC Aggregate Debt Interest.

For the 12 months ended December 31, 2015, the consolidated earnings of MFC before the deduction of MFC Total Debt Interest and income taxes amounted to \$3,238 million. After giving effect to the issuance of the US Senior Notes and the Singapore Subordinated Notes, this amount would have been approximately 4.3 times the MFC Total Debt Interest for the same period. After giving effect to the issuance of the US Senior Notes, the Singapore Subordinated Notes and the Notes, for the 12 months ended December 31, 2015, the consolidated earnings of MFC before the deduction of MFC Total Debt Interest and income taxes would have been approximately 4.0 times the MFC Total Debt Interest.

In calculating the earnings coverage ratios, foreign currency amounts have been converted to Canadian dollars using the average rates of exchange for each quarter. For the 12 months ended December 31, 2015, the average exchange rates were \$1.2786 per US\$1.00 and \$0.9298 per 1.00 Singapore dollar.

### For the twelve months ended March 31, 2016

For the 12 months ended March 31, 2016, the MFC Debt Interest, net of related currency and interest rate swaps, amounted to \$365 million, and would have amounted to \$384 million after giving effect to the issuance of

the Singapore Subordinated Notes and \$445 million after giving effect to the issuance of the Singapore Subordinated Notes and the Notes.

For the 12 months ended March 31, 2016, the MFC Aggregate Debt Interest amounted to \$445 million, and would have amounted to \$463 million after giving effect to the issuance of the Singapore Subordinated Notes and \$525 million after giving effect to the issuance of the Singapore Subordinated Notes and the Notes.

For the 12 months ended March 31, 2016, the MFC Total Debt Interest amounted to \$615 million, and would have amounted to \$634 million after giving effect to the issuance of the Singapore Subordinated Notes and \$695 million after giving effect to the issuance of the Singapore Subordinated Notes and the Notes. From MFC's perspective, the other outstanding indebtedness represents operational leverage, not financial leverage.

For the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Aggregate Debt Interest and income taxes amounted to \$3,571 million. This amount was approximately 9.8 times the MFC Debt Interest and approximately 8.0 times the MFC Aggregate Debt Interest for the same period. After giving effect to the issuance of the Singapore Subordinated Notes, for the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Aggregate Debt Interest and income taxes would have been approximately 9.3 times the MFC Debt Interest and approximately 7.7 times the MFC Aggregate Debt Interest. After giving effect to the issuance of the Singapore Subordinated Notes and the Notes, for the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Aggregate Debt Interest and income taxes would have been approximately 8.0 times the MFC Debt Interest and approximately 6.8 times the MFC Aggregate Debt Interest.

For the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Total Debt Interest and income taxes amounted to \$3,742 million. This amount was approximately 6.1 times the MFC Total Debt Interest for the same period. After giving effect to the issuance of the Singapore Subordinated Notes, for the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Total Debt Interest and income taxes would have been approximately 5.9 times the MFC Total Debt Interest. After giving effect to the issuance of the Singapore Subordinated Notes and the Notes, for the 12 months ended March 31, 2016, the consolidated earnings of MFC before the deduction of MFC Total Debt Interest and income taxes would have been approximately 5.4 times the MFC Total Debt Interest.

In calculating the earnings coverage ratios, foreign currency amounts have been converted to Canadian dollars using the average rates of exchange for each quarter. For the 12 months ended March 31, 2016, the average exchange rates were \$1.3117 per US\$1.00 and \$0.9460 per 1.00 Singapore dollar.

## DESCRIPTION OF THE NOTES

*The following description is a summary of certain terms of the Notes and certain provisions of the Indenture. This summary supplements the description set forth in the prospectus and should be read in conjunction with “Description of Debt Securities” in the prospectus. The description of certain terms of the Notes and the Indenture does not purport to be complete and such description is qualified in its entirety by reference to the Indenture under which the Notes are to be issued and referred to in the prospectus. To the extent that the following description is not consistent with that contained in the prospectus under “Description of Debt Securities” you should rely on this description. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the Indenture in its entirety because it, and not this description, will define your rights as a beneficial holder of the Notes. References to “MFC,” “we,” “us” and “our” in the following description refer only to Manulife Financial Corporation on an unconsolidated basis.*

### General

The Notes will be issued under and pursuant to the provisions of a trust indenture dated May 19, 2005 (the “**Principal Indenture**”) made between MFC and CIBC Mellon Trust Company, as the initial trustee, as supplemented, including by a seventh supplemental indenture to the Principal Indenture to be dated as of the Closing Date (together with the Principal Indenture, as supplemented, the “**Indenture**”) made between MFC, the Trustee, the Principal Paying Agent, the Registrar and the Transfer Agent. The following is a summary of certain of the material attributes and characteristics of the Notes offered hereby, but does not purport to be complete and is qualified in its entirety by reference to the Indenture.

The Notes will initially be limited to US\$1,000,000,000 aggregate principal amount and will be dated as of the Closing Date. The Indenture permits MFC to, subject to the receipt of all necessary regulatory and listing approvals from applicable authorities in the ROC, including but not limited to TPEx, reopen the series of Notes and issue additional Notes so that such further Notes shall be consolidated and form a single series with the Notes offered under this prospectus supplement. The Notes will mature on June 23, 2046. The Notes will be issued in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The principal, premium, if any, and interest on the Notes will be paid in U.S. dollars in the manner and on terms set out in the Indenture.

### Ranking

The Notes will be direct unsecured obligations of MFC and rank equally in right of payment with all of its existing and future unsecured and unsubordinated indebtedness. The Notes will be structurally subordinated to all existing and future liabilities of any of MFC’s subsidiaries.

### The Notes are Unsecured Obligations

The Notes will be direct unsecured obligations of MFC. The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

### Interest

The Notes will be dated June 23, 2016 and will mature on June 23, 2046. Interest on the Notes at the rate of 4.70% per annum will be payable in arrears in semi-annual installments on June 23 and December 23 in each year, commencing on December 23, 2016. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

MFC is a holding company and relies primarily on dividends and interest payments from its insurance and other subsidiaries to meet its obligations for payment of interest, premium, if any, and principal on outstanding debt obligations, dividends to shareholders and corporate expenses. As a result, MFC’s cash flows and ability to service its obligations, including the Notes offered hereby, are dependent upon the earnings of its subsidiaries, distributions of those earnings to it and other payments or distributions of funds by its subsidiaries to it.

The ability of MFC's insurance subsidiaries to pay dividends to MFC in the future will depend on their earnings and regulatory restrictions. The payment of dividends to MFC by MLI, MFC's principal subsidiary, is subject to restrictions set out in the ICA. The ICA prohibits the declaration or payment of any dividend on shares of an insurance company if there are reasonable grounds for believing (i) the company does not have adequate capital and adequate and appropriate forms of liquidity, or (ii) the declaration or the payment of the dividend would cause the company to be in contravention of any regulation made under the ICA respecting the maintenance of adequate capital and adequate and appropriate forms of liquidity, or any direction made to the company by the Superintendent. As all of our U.S. and Asian operating life companies are now subsidiaries of MLI, a restriction on dividends from MLI would prevent MFC from obtaining dividends from its U.S. and Asian insurance businesses. Certain of MFC's U.S. insurance subsidiaries also are subject to insurance laws in Michigan, New York, Massachusetts and Vermont, the jurisdictions in which these subsidiaries are domiciled, which impose general limitations on the payment of dividends and other upstream distributions by these subsidiaries to MLI. Our Asian insurance subsidiaries are also subject to restrictions which could affect their ability to pay dividends to MLI in certain circumstances. In addition, the payment of other upstream distributions by our insurance subsidiaries is limited under the insurance company laws in the jurisdictions where those subsidiaries are domiciled and in which they conduct operations.

MFC's subsidiaries have no obligation to pay any amounts due on the Notes. Furthermore, except to the extent MFC has a priority or equal claim against its subsidiaries as a creditor, the Notes will be structurally subordinated to debt and preferred stock at the subsidiary level because, as the common shareholder of its subsidiaries, MFC will be subject to the prior claims of creditors of its subsidiaries. Consequently, the Notes are structurally subordinated to all liabilities of any of MFC's subsidiaries, including liabilities to policyholders and contract holders. Substantially all of MFC's business is currently conducted through its subsidiaries, and MFC expects this to continue. As of March 31, 2016, MFC had \$4,040 million of long-term debt and MFC's subsidiaries had \$7,661 million of long-term debt and liabilities for preferred shares and capital instruments.

The Indenture does not limit the ability of MFC or its subsidiaries to issue or incur additional indebtedness or other liabilities.

### **No Option to Defer Interest Payments**

MFC will not have the right to defer the payment of interest on the Notes.

### **Payment of Additional Amounts**

The Indenture provides that we will make all payments under or with respect to the Notes free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of the Government of Canada or any province, territory or political subdivision thereof, or by any authority or agency therein or thereof having power to tax ("**Relevant Taxes**"), except to the extent required by law or by the interpretation or administration thereof. If we are so required to withhold or deduct any amount for or on account of such Relevant Taxes from any payment made under or with respect to the Notes, we will pay such Additional Amounts as may be necessary so that the net amount received by each holder of the relevant Notes (including such Additional Amounts) after such withholding or deduction will be equal to the amount such holder would have received if such Relevant Taxes had not been withheld or deducted. We refer to such payments as "**Additional Amounts.**" However, we will pay no Additional Amounts in respect of any Notes for or on account of:

- any Relevant Tax imposed by reason that such holder or beneficial owner of the Notes or other person entitled to payment under the Notes does not deal at arm's length within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") with us or is, or does not deal at arm's length with any person who is, a "specified shareholder" of us (as defined in subsection 18(5) of the Tax Act);
- any Relevant Tax that would not have been imposed if the holder, or the beneficial owner, of the Notes complied with our request to provide information concerning his, her or its nationality, residence or identity or to make a declaration, claim or filing or satisfy any requirement for

information or reporting that is required to establish the eligibility of the holder, or the beneficial owner, of the Notes to receive the relevant payment without (or at a reduced rate of) withholding or deduction for or account of any such Relevant Tax;

- any Relevant Tax that would not have been imposed but for the fact that the holder, or the beneficial owner, of the Notes (or any fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership, limited liability company or corporation) was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, Canada or any province, territory or political subdivision thereof, or otherwise had some connection with Canada or any province, territory or political subdivision thereof, other than merely holding the Notes, or receiving payments under the Notes;
- any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax with respect to the Notes;
- any Relevant Tax that is levied or collected otherwise than by withholding from payments on or in respect of the Notes;
- any withholding or deduction imposed pursuant to or in connection with (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, or any successor version thereof, or any similar legislation imposed by any other governmental authority, (ii) any agreements (including intergovernmental agreements) with respect thereto, or (iii) any treaty, law, regulation, or official interpretation enacted by Canada or any other governmental authority implementing any of the foregoing; or
- any combination of the foregoing.

In addition, we will not pay Additional Amounts to any holder of the Notes who is a fiduciary or partnership or other than the sole beneficial owner of the payment subject to the Relevant Tax, to the extent such payment would, under the laws of Canada or any province, territory or political subdivision thereof, be treated as being derived or received for tax purposes by a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to Additional Amounts had it been the holder of the Notes.

If we are required by law or by the interpretation or administration thereof to withhold or deduct any Relevant Taxes from any payment under or with respect to the Notes, we will:

- make such withholding or deduction; and
- remit the full amount so deducted or withheld to the relevant authority in accordance with applicable law.

We will furnish to the holders of the Notes, within 30 days after the date the payment of any Relevant Taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by us.

If we are required by law or by the interpretation or administration thereof to withhold or deduct any Relevant Taxes from any payment under or with respect to the Notes for which we would then have been required to pay Additional Amounts and fail to so withhold or deduct, we will indemnify and hold harmless each holder of the Notes for the amount of:

- such Relevant Taxes levied or imposed on and paid by such holder;
- any liability (including penalties, interest and expenses) arising from such Relevant Taxes; and



- any Relevant Taxes imposed with respect to any payment under the preceding two bullet points.

Wherever in the Indenture there is mentioned, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to the Notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

If, as a result of MFC's consolidation, amalgamation, statutory arrangement or merger with or into an entity organized under the laws of a country other than Canada or a political subdivision of a country other than Canada or the conveyance, transfer or leasing by MFC of its assets substantially as an entirety to such an entity, such an entity assumes the obligations of MFC under the indenture and the Notes, such entity will pay Additional Amounts on the same basis as described above, except that references to "Canada" and its political subdivisions will be treated as references to Canada, the country in which such entity is organised or resident (or deemed resident for tax purposes) and their respective political subdivisions.

### **Optional Redemption**

The Notes will be subject to redemption in whole, but not in part, at the option of MFC, on the First Call Date and thereafter on every June 23, on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the redemption date.

Unless MFC defaults in payment of the redemption price, the Notes will cease to accrue interest on their respective redemption date.

Once redeemed by MFC, the Notes will be cancelled and will not be reissued.

### **Tax Redemption**

If a Tax Event (as defined below) has occurred and is continuing, the Notes will be subject to redemption in whole, but not in part, at the option of MFC, at any time, on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon to, but excluding, the redemption date.

No redemption of the Notes shall be made pursuant to this provision unless:

- we have received an opinion of counsel that a Tax Event has occurred;
- we have delivered to the Trustee an officer's certificate stating that we are entitled to redeem the Notes pursuant to their terms; and
- at the time such notice of redemption is given, such Tax Event is continuing.

A "**Tax Event**" is deemed to have occurred if, as a result of an amendment to or change in the laws (including any regulations promulgated thereunder) of Canada (or any province, territory or political subdivision thereof), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, or judicial decision interpreting such laws or regulations, which amendment, change or judicial decision is announced or becomes effective on or after the date such Notes are offered and sold, (i) MFC has become or would become obligated to pay, on the next date on which any amount would be payable with respect to any such Notes, any Additional Amounts, or (ii) payments of interest on the Notes would be treated as dividends within the meaning of the Tax Act or any other act in respect of or relating to Canadian taxation or would otherwise be considered as payments of a type that are non-deductible for Canadian income tax purposes, and MFC cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; provided, in each case, that such amendment or change was not reasonably foreseeable by MFC as at the issue date. In respect of the

foregoing, for avoidance of doubt, reasonable measures do not include a change in the terms of the Notes or a substitution of the debtor.

### **Market for Securities**

There is no market through which the Notes may be sold and purchasers may not be able to resell Notes purchased hereunder. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the extent of issuer regulation. See “Risk Factors”.

### **Events of Default**

The Indenture provides that an event of default in respect of the Notes will occur only if: (i) MFC defaults in the payment of the principal of the Notes when due; (ii) MFC defaults in the payment of interest on the Notes when due where such default continues for a period of 30 days after the relevant interest payment date; or (iii) MFC becomes insolvent or bankrupt, consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind-up or liquidate, is ordered wound-up or liquidated or a receiver of a substantial portion of MFC’s property is appointed. If an event of default has occurred and is continuing, the Trustee may, in its discretion and shall, upon request of holders of not less than 25% of the principal amount of the Notes, declare the principal of, premium, if any, and interest on all outstanding Notes to be immediately due and payable. However, the holders of a majority in principal amount of the Notes by written notice to the Trustee may, under certain circumstances, instruct the Trustee to waive any event of default and/or to cancel any such declaration. There is no right of acceleration in the case of a breach in the performance of any covenant of MFC in the Indenture, although a legal action could be brought by the Trustee to enforce such covenant.

The *Winding-Up and Restructuring Act* (Canada) provides that MFC is deemed insolvent if it is unable to pay its debts as they become due, which would include, for example, if it is unable to pay amounts due on the Notes pursuant to its obligations under the Indenture, or it is unable to pay an undisputed claim arising under an insurance policy, for 60 days after the service of a written demand on MFC in the manner in which process may legally be served on it. Other circumstances under which the *Winding-Up and Restructuring Act* (Canada) would deem MFC insolvent and which would result in an event of default include the calling of a meeting of its creditors by MFC for the purposes of compounding with them and any general conveyance or assignment by MFC of its property for the benefit of its creditors.

### ***Legal Proceedings and Enforcement of Right of Payment***

You will not have any right to institute any proceeding in connection with the Indenture or to exercise any remedy under the Indenture or by law or equity for payment of the principal, premium, if any, or interest under the Notes, unless:

- you have previously given to the Trustee written notice of the occurrence of an event of default with respect to Notes;
- the holders of Notes, by extraordinary resolution, have made a request to the Trustee to take action and the Trustee has been offered a reasonable opportunity to exercise its powers or to institute a proceeding in its name on behalf of the holders;
- the holders of Notes have provided the Trustee, when requested, with sufficient funds and an indemnity; and
- the Trustee has failed to act within a reasonable time thereafter.

### **Open Market Purchases**

MFC will have the right at any time, subject where applicable to the prior approval of the Superintendent and provided that it is not in default under the Indenture, to purchase Notes on the market or by tender or by private

contract at any price. All Notes that are purchased by MFC will be cancelled and will not be reissued. Notwithstanding the foregoing, subsidiaries of MFC may purchase Notes in the ordinary course of their business of dealing in securities.

### **Defeasance**

The Indenture contains provisions requiring the Trustee to release MFC from its obligations under the Indenture and the Notes on or after the First Call Date, provided that:

- MFC satisfies the Trustee that it has irrevocably deposited funds or made due provision for the payment of all principal, premium, if any, and interest and other amounts due or to become due on the Notes, for the payment of the remuneration and expenses of the Trustee and for the payment of taxes arising with respect to all deposited funds or other provision for payment;
- MFC delivers to the Trustee an opinion of counsel acceptable to the Trustee to the effect that the holders of Notes will not be subject to any tax as a result of the exercise by MFC of its defeasance option and that the holders of Notes will thereafter be subject to the Canadian taxes on income (including taxable capital gains) in the same amount, in the same manner and at the same time or times as would have been the case if such option had not been exercised;
- MFC is not insolvent;
- no event of default under the Indenture has occurred and is continuing; and
- other conditions specified in the Indenture are satisfied.

### **Amalgamation, Merger, Consolidation or Sale of Assets**

MFC may from time to time be involved in corporate reorganizations or other transactions which could involve the acquisition or divestiture of material subsidiaries or material assets. MFC may not, however, enter into any transaction by way of amalgamation (except by way of a vertical short-form amalgamation with one or more wholly-owned subsidiaries pursuant to the ICA), merger, reconstruction, reorganization, consolidation, transfer, sale, lease or otherwise, where by all or substantially all of its property and assets would become the property of another person, or in the case of an amalgamation, of the continuing corporation resulting therefrom, unless:

- that other person or successor entity (a “**Successor Entity**”) is organized and validly existing under the laws of Canada, the United States, the United Kingdom or any other member country that is in the European Union, or any political subdivision of the foregoing;
- the Successor Entity assumes the liability for, and agrees to perform all of MFC’s obligations under the Notes and the Indenture;
- such transaction is, to the satisfaction of the Trustee and in the opinion of counsel, upon such terms as substantially to preserve and not to impair any of the rights and powers of the Trustee or of the holders of Notes and upon such terms as are not in any way prejudicial to the interests of the holders of Notes (including, where the Successor Entity is not organised under the laws of Canada or a province or territory thereof, would not cause any material adverse tax consequences to the holders of Notes); and
- no condition or event exists in respect of MFC or the Successor Entity, either at the time of such transaction or immediately after giving full effect to such transaction, which constitutes or would, after the giving of notice or the lapse of time or both, constitute an event of default under the Indenture.

**Modification**

Subject to the voting rights discussed below, the Indenture and the rights of the holders of Notes may, in certain circumstances, be modified, including by way of an extraordinary resolution of the holders of Notes. For that purpose, among others, the Indenture contains provisions making extraordinary resolutions binding upon all holders of Notes. “Extraordinary Resolution” is defined in the Indenture to mean a resolution passed by the affirmative vote of the holders of not less than 66⅔% of the principal amount of Notes represented and voted at a meeting duly called and held in accordance with the Indenture at which the holders of more than 50% of the principal amount of the then outstanding Notes are present in person or by proxy or as a resolution contained in one or more instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Notes.

**Waiver**

The holders of at least 50% of the principal amount of the affected Notes then outstanding may, on behalf of the holders of all Notes, waive any event of default under the Indenture or, if possible, rescind or cancel any enforcement proceedings initiated by the Trustee, as each case relates to the Notes and the consequences of such default.

**Voting Rights**

Holders of Notes will be entitled to vote as a group on all matters affecting the Notes in general.

**Repayment of Unclaimed Money**

Any amount paid by MFC to the Trustee or the Agents that remains unclaimed at the end of two years after the amount is due to holders of Notes, will, subject to applicable law, be repaid to MFC at its request. After that time, the holder of the Notes will be able to seek from MFC any payment (without interest) to which that holder may be entitled.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The following provisions will apply to the Notes while they are represented by the Book-Entry Security. Terms defined in the “Description of the Notes” have the same meaning in this section.

### Payments

Each payment by or on behalf of MFC in respect of the Notes will be made to or to the order of, the person whose name is entered on the branch register (the “**Register**”) maintained by the Registrar, as registrar and transfer agent, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) on the relevant record date. The record date is, while the Notes are represented by the Book-Entry Security, the last business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the payment date, and in all other cases, the date that is 15 days prior to the payment date.

Where no further payment is to be made in respect of the Notes, payment of principal, premium, if any, and interest will only be made against presentation and surrender of the Book-Entry Security to or to the order of the Principal Paying Agent, as principal paying agent, or such other agent as shall have been notified to the holder of the Book-Entry Security for such purpose.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent or the Registrar, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

### Cancellation

Cancellation of any Note following its redemption or purchase by MFC will be effected by reduction in the aggregate principal amount of the Notes in the Register.

### Notices

For so long as all of the Notes are represented by the Book-Entry Security and such Book-Entry Security is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to the holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holders of such Notes (each an “**Accountholder**”). Such notice shall be deemed to have been given on the date of delivery of the notice to Euroclear and/or Clearstream, Luxembourg (as the case may be). So long as the Notes are listed on the TPEx and the TPEx listing rules so require, notices regarding the Notes will also be disclosed by MFC on the TPEx’s designated website.

### Accountholders

For so long as all of the Notes are represented by a Book-Entry Security and such Book-Entry Security is held on behalf of Euroclear and/or Clearstream, Luxembourg, each Accountholder shall be treated as the holder of the relevant principal amount of such Notes for all purposes other than with respect to the payment of principal, premium, if any, and interest on such principal amount of such Notes, the right to which shall be vested, as against MFC and the Trustee, solely in the registered holder of the Book-Entry Security in accordance with and subject to its terms and the terms of the Indenture. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Book-Entry Security.

## **Exchange**

If either or both of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 calendar days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so, the Notes corresponding to its book-entry interests in the Notes represented by the Book-Entry Security will, on receipt of effective forms of transfer, be transferred to each Accountholder (or a nominee thereof), and each such Accountholder (or nominee) will be registered by the Registrar as a holder of the Notes in the Register and will receive a certificate made out in such Accountholder's (or its nominee's) name in accordance with its proportionate interest in the Book-Entry Security as recorded in the Register.

## **Transfers**

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants. Book-entry interests in the Notes are exchangeable and transferable only in accordance with, and subject to, the provisions of the Indenture and the rules and operating procedures of Euroclear and Clearstream, Luxembourg. No Accountholder may require the transfer of a Note to be so effected during the period from and including the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) on the date before the relevant due date for any payment of principal, premium, if any, or interest on that Note.

The ability of an Accountholder to pledge a Note or otherwise take action with respect to such Accountholder's interest in a Note (other than through a participant) may be limited due to the lack of a physical certificate evidencing ownership of a Note.

## **Trustee's Powers**

In considering the interests of the holders of Notes while the Book-Entry Security is registered in the name of a nominee for the common depository of Euroclear and/or Clearstream, Luxembourg, the Trustee may, to the extent it considers it appropriate to do so in the circumstances but without being obliged to do so, (a) have regard to any information provided to it by Euroclear and/or Clearstream, Luxembourg as to the identity (either individually or by category) of its participants with entitlements to the Notes and (b) consider such interests as if such participants were the holders of the Notes.

## **Enforcement**

For the purposes of enforcement of the provisions of the Indenture against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which the Book-Entry Security is issued shall be recognised as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of the Notes in such principal amounts.

## **Clearing Systems**

References herein to Euroclear and Clearstream, Luxembourg shall be deemed to include any successor or other clearing system in which the Notes may be cleared as designated by MFC with the approval of the Trustee.

## CLEARANCE AND SETTLEMENT OF THE NOTES

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. The information in this section concerning Euroclear and Clearstream, Luxembourg has been obtained from sources that MFC believes to be reliable, but none of MFC, the Managers, the Trustee or any Agent takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of either Euroclear or Clearstream, Luxembourg are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of MFC, the Trustee, any Agent or any other party to the Indenture will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of Euroclear or Clearstream, Luxembourg or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and transfers of the Notes associated with secondary market trading.

### **The Clearing Systems**

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, inter alia, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

### **Registration and form**

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be evidenced by the Book-Entry Security, registered in the name of a nominee of the common depository of Euroclear and Clearstream, Luxembourg. The Book-Entry Security will be held by, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. Beneficial ownership in the Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Notes. The Principal Paying Agent will be responsible for ensuring that payments received by it from MFC for holders of interests in the Notes held through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

MFC will not impose any fees in respect of the Notes. However, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

## **Global Clearance and Settlement Procedures**

### ***Initial settlement***

Interests in the Notes will be in book-entry form and evidenced by the Book-Entry Security. Purchasers holding book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day (having for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) following the Closing Date against payment (for value on the Closing Date).

### ***Secondary market trading***

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

### ***Eurosystem eligibility***

The Notes are not intended to be held in a manner which would allow Eurosystem eligibility.

## **General**

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Notes among participants of Euroclear and Clearstream, Luxembourg, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of MFC, the Managers, the Trustee or any of the Agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

## **ROC Trading**

Investors with a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwan bank, may request the approval of the Taiwan Depository & Clearing Corporation (“**TDCC**”) to the settlement of the Notes through the account of TDCC with Euroclear or Clearstream, Luxembourg and if such approval is granted by the TDCC, the Notes may be so cleared and settled. In such circumstances, TDCC will allocate the respective book-entry interest of such investors in the Notes to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEX as domestic bonds.

In addition, an investor may apply to TDCC (by completing a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream, Luxembourg to the TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets.

For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal, premium, if any, and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time differences, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders will actually receive such distributions may vary depending upon the daily operations of the Taiwan banks with which the holder has the foreign currency deposit account.



## TAX CONSIDERATIONS

### Canada Federal Income Taxation

The following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder of Notes who acquires beneficial ownership of the Notes pursuant to this prospectus supplement and who, for purposes of the Tax Act and at all relevant times, (i) is not, and is not deemed to be, a resident of Canada, (ii) deals at arm's length with MFC and any person resident in Canada to whom the holder disposes of the Notes, (iii) has not and will not use or hold or be deemed to use or hold the Notes in, or in the course of, carrying on business in Canada, (iv) is not a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of MFC or a person who does not deal at arm's length with such a specified shareholder, (v) is entitled to receive all payments (including any interest and principal) made on the Notes, and (vi) is not an insurer that carries on an insurance business in Canada and elsewhere (a "**Non-Resident Holder**").

This summary is based on the provisions of the Tax Act and the regulations thereunder in force at the date of this prospectus supplement, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current administrative policies or assessment practices published in writing by the CRA. There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder and no representations with respect to the income tax consequences to any particular holder are made. This summary is not exhaustive of all Canadian federal income tax considerations. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences in their particular circumstances.**

Interest or principal paid or credited by MFC on the Notes to a Non-Resident Holder will not be subject to Canadian withholding tax. No other Canadian taxes on income (including capital gains) will be payable by a Non-Resident Holder in respect of the holding, redemption or disposition of the Notes.

### ROC Taxation

The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold to professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

#### *Interest on the Notes*

As MFC, the issuer of the Notes, is not a ROC statutory tax withholder, there is no ROC withholding tax on the interest to be paid on the Notes.

ROC corporate holders must include the interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 17% (unless the total taxable income for a fiscal year is under NT\$120,000), as such holders are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax ("AMT") is not applicable.

Non-ROC corporate holders are subject to ROC income tax on ROC-sourced income only and the interest receivable under the Notes is not ROC-sourced income. Hence non-ROC corporate holders have no ROC income tax issue with the interest receivable under the Notes. AMT does not apply either.

### *Sale of the Notes*

In general, the sale of corporate bonds or financial bonds is subject to a 0.1% securities transaction tax (“STT”) on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act of the ROC prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds for seven years from January 1, 2010 to December 31, 2016. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before December 31, 2016. Starting from January 1, 2017, any sale of the Notes will be subject to STT at 0.1% of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are deemed ROC-sourced income but are exempt from income tax. Accordingly, ROC corporate holders and non-ROC corporate holders (with or without a fixed place of business or business agent in Taiwan) are not subject to income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders and non-ROC corporate holders with a fixed place of business or business agent in Taiwan should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the ordinary income tax calculated pursuant to the Income Basic Tax Act of the ROC, the excess becomes the ROC corporate holders’ AMT payable. Capital losses, if any, incurred by such holders could be carried over five years to offset against capital gains of same category of income for the purposes of calculating their AMT. AMT does not apply to non-ROC corporate holders that do not have a fixed place of business nor a business agent in Taiwan.

## SUBSCRIPTION AND SALE

The Managers have, pursuant to a subscription agreement (the “**Subscription Agreement**”) dated June 7, 2016, severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100% of the principal amount of the Notes. It is expected that the closing of the offering will take place on or about June 23, 2016 or such later date as MFC and the Managers may agree.

The obligations of the Managers under the Subscription Agreement may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) there has been any inquiry, investigation or other proceeding (whether formal or informal) instituted or threatened, or any order or ruling made, threatened or announced by any Canadian, United States or Taiwanese federal, provincial, state or other governmental authority, any Canadian securities regulatory authority or any other securities regulatory authority with jurisdiction over MFC or any of its subsidiaries, or any law or regulation promulgated or changed which, in the reasonable opinion of the Managers, operates to prevent or restrict trading in or distribution of the Notes; (ii) there has occurred any material change or change in a material fact or the Managers become aware of an undisclosed material fact which, in the reasonable opinion of the Managers, could reasonably be expected to have a significant adverse effect on the market price or value of the Notes; or (iii) (A) there has developed, occurred or come into effect or existence any occurrence of national or international consequence or any action, governmental law or regulation, inquiry or other occurrence of any nature whatsoever, or (B) there has been any attack on, outbreak or escalation of hostilities or acts of terrorism involving Taiwan, Canada or the United States, any declaration of war by Taiwan, Canada or the United States or any other substantial national or international calamity or emergency, which, in the reasonable opinion of the Managers, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of MFC and its subsidiaries taken as a whole and in the reasonable opinion of the Managers such event would reasonably be expected to have a significant adverse effect on the market price or value of the Notes. The Managers are, however, obligated to take up and pay for all of the Notes if any Notes are purchased under the Subscription Agreement.

The Subscription Agreement provides that the Managers will be paid a fee of US\$6.50 per US\$1,000 principal amount of the Notes sold on account of services rendered in connection with the offering. In addition, Standard Chartered will be paid a fee of US\$0.30 per US\$1,000 principal amount of the Notes allocated to Standard Chartered on account of liquidity services rendered by Standard Chartered.

### **New Issue of Notes**

The Notes are a new issue of securities with no established trading market. The Managers presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. Neither we nor the Managers can assure the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes of that series may be adversely affected.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Managers or their affiliates have performed certain investment banking, commercial banking and advisory services for us from time to time for which they have received customary fees and expenses. The Managers may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. Also, certain of the Managers are affiliates of banks which are lenders to us and to which we currently are indebted. As a consequence of their participation in the offering, the Managers affiliated with such banks will be entitled to share in the underwriting commission relating to the offering of the Notes. The decision to distribute the Notes hereunder and the determination of the terms of the offering were made through negotiations between us and the Managers. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments of MFC. The Managers and their respective affiliates may also make investment recommendations or publish or express independent research views

in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Application has been made to the TPEX for the listing of, and permission to deal in, the Notes by way of debt issues to “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only and such permission is expected to become effective on or about June 23, 2016. Listing will be subject to MFC fulfilling all the listing requirements of the TPEX.

## **SELLING RESTRICTIONS**

The Notes have been and will be offered for sale only in those jurisdictions where it is lawful to make such offers. No action has been taken, or will be taken, which would permit a public offering of the Notes in any jurisdiction other than Taiwan.

Each of the Managers has severally represented and agreed that it has not offered, sold or delivered and it will not offer, sell or deliver, directly or indirectly, any of the Notes, or distribute this prospectus supplement, the prospectus or any other offering material relating to MFC or the Notes in or from any jurisdiction except in compliance with the applicable laws and regulations thereof and in a manner that will not impose any obligations on MFC, except as set forth in the Subscription Agreement.

### **Canada**

The Notes may not be offered, sold or delivered, directly or indirectly, in Canada, or to, or for the benefit of, residents of Canada.

This prospectus supplement is not, and under no circumstances is it to be construed as, an advertisement or a public offering of the securities referred to in this prospectus supplement in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus supplement or the merits of the securities described herein and any representation to the contrary is an offence.

This prospectus supplement does not constitute an offer of the Notes, directly or indirectly, in Canada, or to, or for the benefit of, residents of Canada. Each Manager has represented and agreed that it has not offered or sold, directly or indirectly, and will not, directly or indirectly, offer, sell or deliver, any of the Notes in or from Canada, or to, or for the benefit of, any resident of Canada or provide any information in respect of MFC or the Notes to any potential investors resident in Canada without the consent of MFC. Each Manager has agreed to furnish upon request a certificate stating that it has complied with the restrictions described in this paragraph.

### **United States of America**

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

Each Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act. The Notes may not be acquired or held by any person who is an employee benefit plan or other plan or arrangement subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the Code, or who is acting on behalf of or investing the assets of any such plan or

arrangement, unless the acquisition and holding of the Notes by such person will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

### **Republic of China**

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC, which currently include: (i) overseas or domestic banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance notaries), the foregoing as further defined in more detail in Paragraph 3, Article 2 of the Financial Supervisory Commission Organization Act of the ROC, (ii) overseas or domestic fund management companies, government investment institutions, government funds of the ROC, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the Securities Investment Trust and Consulting Act, the Future Trading Act or the Trust Enterprise Act, each of the ROC, or investment assets mandated and delivered by or transferred for trust by financial consumers and (iii) other institutions recognized by the Financial Supervisory Commission of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.

### **PRIOR SALES**

On March 4, 2016, MFC issued (i) US\$1.0 billion aggregate principal amount of 4.150% senior notes due 2026 at a price of US\$997.57 per US\$1,000 principal amount, and (ii) US\$750 million aggregate principal amount of 5.375% senior notes due 2046 at a price of US\$996.45 per US\$1,000 principal amount.

## **LEGAL MATTERS**

Certain legal matters relating to Canadian law will be passed upon for us by Torys LLP, Toronto, Ontario, Canada and certain legal matters relating to ROC law will be passed upon for us by Lee & Li, Taipei, Taiwan. In addition, McCarthy Tétrault LLP, Toronto, Ontario, Canada is acting as Canadian counsel for the Managers in this offering. As of the date hereof, partners and associates of Torys LLP and Lee & Li, as a group, beneficially own, directly or indirectly, less than one percent of any securities of MFC or any associates or affiliates of MFC.

## **AUDITORS**

Our auditors are Ernst & Young LLP, Chartered Professional Accountants, Toronto, Ontario, Canada.

Our consolidated financial statements as at December 31, 2015 and 2014 incorporated by reference in this prospectus supplement have been audited by Ernst & Young LLP, independent registered chartered professional accountants, as indicated in their report dated February 18, 2016 and are incorporated herein in reliance upon such report given the authority of said firm as experts in accounting and auditing in giving said report.

Ernst & Young LLP has advised that they are independent with respect to MFC within the meaning of the Rules of the Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario), and as required by applicable Canadian securities laws.