



LETTER OF COMMENT NO. 260

Manulife Financial

January 11, 2007

Mr. Robert H. Herz
Chairman, Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: Effective Date for FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48)

Dear Chairman Herz:

On behalf of John Hancock Financial Services, Inc. and Manulife Financial Corporation, we strongly urge the Financial Accounting Standards Board to delay by one year the effective date of FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*" (FIN 48), or until technical, substantive, and procedural issues are resolved. John Hancock is a wholly-owned, U.S. based, subsidiary of Manulife. Manulife is the largest life insurance company in Canada, the second largest in North America, and the fourth largest in the world based on market capitalization. As one of the world's largest institutional investors, Manulife has a vested interest in transparency and comparability of financial reporting in order to assure our investing activity adds value to our customers and shareholders. With approximately 900 thousand individual and over 500 institutional shareholders, and approximately 20,000 employees, Manulife and its subsidiaries provide insurance and related financial services to a diverse international market in over 19 countries and territories around the world. Manulife issues USGAAP financial statements for its US subsidiaries. At the Manulife level, we prepare full Canadian GAAP financial statements and in the notes to the financials, include condensed US GAAP financial statements with reconciliation to Canadian GAAP.

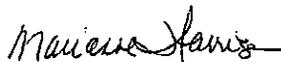
We recommend a delay of one year to allow time to sort out the ambiguity and confusion among the accounting and audit experts regarding the specific FIN 48 implementation requirements. This will allow time to clarify what constitutes an appropriate inventory of tax positions and how extensive a company's formal accounting, review, and documentation needs to be for each tax position. Based on current industry guidance, the scale and scope of this implementation initiative for most large and highly diversified corporations will be similar to that of FASB Statement No. 133, "*Accounting for Derivative Instruments and Hedging Activities*," and implementing FIN 48 could potentially result in creating an inventory of thousands of individual tax positions to be tracked and documented under the two-step, no aggregation process.

As a matter of practicality, tracking the proposed volume of tax inventory items will require implementing new systems applications, and these applications are currently in their early development stages. The industry's professional tax software vendors themselves are at a loss as to how to develop useful applications for estimating and reporting, as there is little consensus regarding how to structure the underlying data models and calculations. As a result, any reporting or disclosure at the current effective dates will *likely create more diversity in practice, less comparability, and will definitely result in inconsistent financial reporting.*

Indeed, because FIN 48's implementation effective date gave companies only five months to develop the required reporting and disclosure infrastructure, many industry experts are proposing that as a matter of practicality companies should consider adopting a "top down" approach to identifying tax positions. This is advocated not because it is clear that FIN 48 contemplates such an approach, but because it is the only practical way companies can meet the reporting deadline. It is debatable whether such an approach will accomplish FIN 48's stated objectives. Furthermore, such an approach would appear to contravene the guidance in the AICPA's November 2006 "Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48," where "the tax accrual will require an analysis of federal, state, local, and foreign income tax return positions for all open years..."

In conclusion, we agree additional reporting guidance on estimates involving tax uncertainties will increase comparability and transparency in financial reporting and thereby improve the usefulness of the financial reports upon which we rely in our investing activities. However, we also believe the current state of confusion and ambiguity surrounding how best to implement FIN 48 will not only fail to achieve that objective, it will also create havoc for reporting enterprises and their investors and creditors as these new reporting practices are rolled out. It would be far better to allow a reasonable extension of time for enterprises and their auditors to resolve the unanswered issues regarding the appropriate scale and scope of procedures, substance, and documentation required, and to permit reporting enterprises to build and test the processes, training, and systems required to reduce the diversity of practice and lack of comparability that would otherwise result from this hasty implementation.

Respectfully yours,



Marianne Harrison
Executive Vice President and Controller



Peter Hutchison
Senior Vice President Corporate Tax

cc: American Council of Life Insurers