

Manulife Financial Corporation

3

THIRD QUARTER REPORT
TO SHAREHOLDERS

For the Quarter Ended September 30, 1999



Manulife Financial

Financial Highlights

(Canadian \$ in millions unless otherwise stated, unaudited)

	Three Months Ended September 30			Nine Months Ended September 30		
	1999	1998	% Change	1999	1998	% Change
Premiums and deposits:						
Life and health insurance	1,506	1,209	25	4,841	3,438	41
Annuities and pensions	604	236	156	1,616	679	138
Segregated funds	2,653	2,252	18	7,681	6,690	15
Mutual funds	31	53	(42)	93	190	(51)
ASO premium equivalents	135	128	5	402	387	4
Total premiums and deposits	4,929	3,878	27	14,633	11,384	29
Funds under management:						
General fund				56,809	52,551	8
Segregated funds				42,408	32,144	32
Mutual and other managed funds				5,906	5,043	17
Total funds under management				105,123	89,738	17
Net income attributed to						
Mutual operations	208	142	46	607	511	19
Participating policyholders	–	–	–	–	–	–
Shareholders	16	–	N/A	16	–	N/A
Net income for the period	224	142	58	623	511	22
				As at September 30		
Capitalization				1999	1998	% Change
Subordinated debt				597	630	(5)
Trust preferred securities issued by subsidiaries				733	763	(4)
Equity						
Participating policyholders' equity				69	–	N/A
Shareholders' equity						
Common shares				636	–	N/A
Shareholders' retained earnings				5,718	–	N/A
Surplus				–	5,760	N/A
Total capital				7,753	7,153	8
Selected key performance measures						
Earnings per share (*)	\$ 0.45	\$ 0.28		\$ 1.24	\$ 1.02	
Return on total equity (annualized)	14.1%	10.1%		13.4%	12.7%	
Return on assets (annualized)	1.6%	1.1%		1.5%	1.3%	
Book value per share				\$ 12.69	N/A	
Shares outstanding				500,903,225	N/A	

(*) In these financial highlights, earnings per share has been computed using net income for the period, and the number of shares outstanding as at September 30, 1999.

NOTE: FORWARD-LOOKING STATEMENTS

This third quarter report includes Forward-Looking Statements with respect to the Company, including its business operations and strategy and financial performance and condition. These statements generally can be identified by the use of Forward-Looking words such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", or "continue" or the negative thereof or similar variations. Although management believes that the expectations reflected in such Forward-Looking statements are reasonable, such statements involve risks and uncertainties and actual results may differ materially from those expressed or implied by such Forward-Looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include among other things, general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws.

Message to Shareholders

Welcome to Manulife Financial Corporation. It is with great pride that I write my first message to shareholders, in our first quarterly report as a publicly traded company.

Manulife Financial reported record third quarter earnings of \$224 million, an increase of \$82 million or 58 per cent over the prior year. For the nine months ended September 30, 1999, net income totaled \$623 million, also a record and up 22 per cent over 1998. The strong results reflect continued growth in both protection and wealth management operations as well as favourable claims experience across all lines of business.

All performance measures reflect the ongoing successful execution of the Company's business plan. Premiums and deposits totaled \$4.9 billion in the quarter compared to \$3.9 billion in the third quarter last year, while return on equity rose to 14.1 per cent from 10.1 per cent last year. Based on total company results and using the number of shares outstanding as at September 30, 1999, earnings per share in the quarter were \$0.45 per share, up from \$0.28 per share last year. At September 30, 1999, funds under management were \$105.1 billion, an increase of 17 per cent from the same period last year.

On September 23, 1999, Manulife Financial completed its demutualization process with the listing of its stock on the Toronto, New York, Montreal, Hong Kong and Philippine stock exchanges. All proceeds raised in the initial public offering – which at \$2.5 billion was the largest in Canadian history – were used to cash out policyholders who had requested that shares due to them on demutualization be sold. We are delighted that we have completed our demutualization and that we have been able to deliver outstanding value to our participating policyholders. The premium that was received by our policyholders is amongst the highest realized in any demutualization, whether in Canada or abroad. We are very proud that the financial markets recognized the tremendous value that has been created for our owners over the past number of years. Our objective going forward is to continue to build superior value: the results we are reporting this quarter confirm that we have the people and strategies in place to achieve this objective.

The prospects for continued growth are promising, based on our ongoing emphasis on product innovation, distribution expansion and technology enhancements. In Canada, we launched Manulife One, an exciting new all-purpose account allowing Canadian customers to pay down their debt quickly and save thousands of dollars in interest payments. As well, we extended Healthstyles, our preferred underwriting program, to our successful universal life products. All three of our U.S. businesses enjoyed strong growth built on increased penetration of broadened distribution channels and high quality service delivery supported by our continued investments in new technology. In Hong Kong, continued expansion of the agency force and the launch of refreshed insurance products enhanced our competitive position. We have now completed our second quarter of Japanese operations in Manulife Century Life where our focus is on strengthening our organization while maintaining distribution capacity. Our first new product launch was November 1st – a non-smoker life insurance product with additional benefits paid on diagnosis of cancer. We are now working on the development and launch of several additional new products.

Growth by expansion into new territories continues. In August, Manulife Financial became the first foreign life insurance company to start operations in Vietnam. Equally important is retraction from ventures that don't bring desired shareholder value. For this reason, in October, we sold to our partner our interest in a small Korean joint venture.

I am very excited about the future of MFC and its potential to grow and prosper. I believe that our well-diversified business mix focuses on strong growth markets in both the financial protection and wealth management businesses. Combined with our expanding and diversified distribution capacity and our skill in leveraging and migrating products across our markets, our strategies should allow us to sustain our historic pattern of strong earnings growth and position Manulife to deliver superior value to our shareholders.

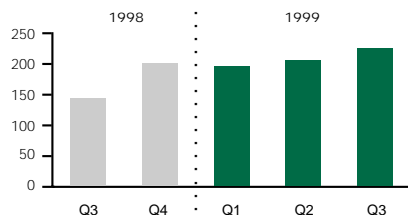
Dominic D'Alessandro
President and Chief Executive Officer

Financial Results

Third Quarter, 1999

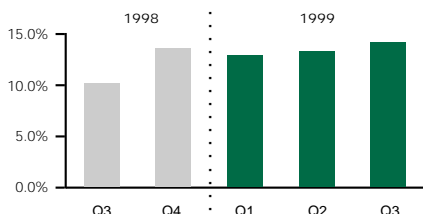
Net Income

(Canadian \$ millions)



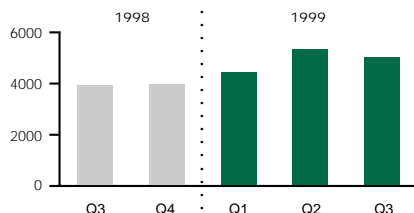
Return on Total Equity

(Canadian GAAP annualized %)



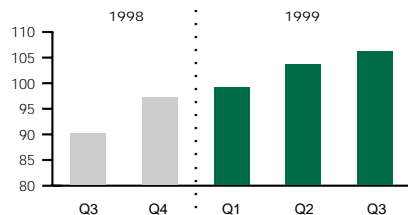
Premiums & Deposits

(Canadian \$ millions)



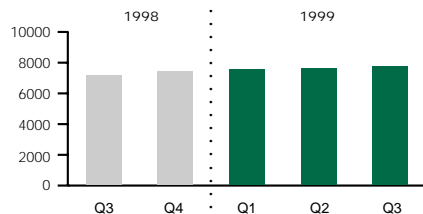
Funds Under Management

(Canadian \$ billions)



Capital

(Canadian \$ millions)



Management's Analysis of Operations

Overview

Manulife Financial reported a 58% increase in net income for the third quarter ended September 30, 1999, increasing from \$142 million in 1998 to \$224 million in 1999. This increase was primarily due to improved claims experience, continued growth in core insurance operations, higher fee income and improved investment results.

The third quarter return on total equity (previously reported as surplus) was 14.1% compared to 10.1% for the same period in 1998.

For the nine months ended September 30, 1999, net income was \$623 million, an increase of 22% over 1998 while return on total equity was 13.4% compared to 12.7% in 1998.

Premiums and Deposits

Total premiums and deposits increased by 27% from \$3.9 billion in the third quarter of 1998 to \$4.9 billion for the same period in 1999. Premiums increased by 46% to \$2.1 billion driven by an increase in annuity sales, together with an amendment to an external reinsurance arrangement relating to U.S. Annuities, and higher insurance sales. Third quarter sales of variable annuities and 401(k) pension products were also strong, driving an 18% increase in segregated fund deposits.

Funds Under Management

Funds under management increased by 17% from \$89.7 billion as at September 30, 1998 to \$105.1 billion as at September 30, 1999. This increase was predominantly driven by higher segregated fund assets, primarily due to strong sales of variable annuities and 401(k) products and market appreciation. General fund assets also increased, driven by the new operation in Japan, assets associated with a Canadian assumption reinsurance arrangement in the second quarter of 1999 and undistributed proceeds payable to certain policyholders who elected, or were otherwise required, to sell their shares pursuant to the plan of demutualization.

Capital

Total capital increased from \$7.2 billion as at September 30, 1998 to \$7.8 billion as at September 30, 1999. The increase was primarily a result of net income, partially offset by a reduction in the foreign currency translation account arising from a strengthening of the Canadian dollar relative to other currencies at the end of the third quarter and capital transactions relating to the demutualization and the public offering which were deducted from surplus and stated capital, respectively.

Results of Operations by Division

Canadian Division

Canadian Division net income increased by 5% to \$63 million, compared to the third quarter of 1998 while year-to-date net income was \$172 million compared to \$171 million in 1998. This quarters' earnings were driven by favourable claims experience and reduced unit expenses. Premiums and deposits remained at third quarter 1998 levels of \$1.0 billion with an increase in fixed-rate annuity premiums offsetting a decline in segregated fund deposits. This latter decline is reflective of investment industry sales trends as well as increased competition due to the introduction of variable annuity products, similar to the Company's Guaranteed Investment Fund, by other Canadian life insurance companies. Funds under management increased by 8% from \$26.0 billion as at September 30, 1998 to \$28.2 billion as at September 30, 1999, largely due to segregated fund assets driven by asset appreciation and net new deposits, and an increase in general fund assets associated with an assumption reinsurance arrangement in the second quarter of 1999.

U.S. Division

U.S. Division net income increased by 19% to \$83 million, compared to the third quarter of 1998 while year-to-date net income rose to \$258 million from \$226 million in 1998. This quarters' earnings resulted from increased fees from the administration of variable annuity and 401(k) pension

product assets, improved life insurance claims experience and continued growth in core insurance operations. Third quarter premiums and deposits increased by 36% to \$3.1 billion driven mainly by increased sales of 401(k) pension products and variable annuities. Premiums increased significantly due to increased annuity sales, together with the amendment to a third party reinsurance program which has resulted in the retention of new annuity premiums. Funds under management increased by 18% from \$48.9 billion as at September 30, 1998 to \$57.6 billion as at September 30, 1999, largely due to growth in segregated fund assets from both new deposits and stronger U.S. equity markets.

Asia Division

Asia Division continued to benefit from recovering economies as net income increased by \$25 million to \$42 million, compared to the third quarter of 1998, due to business growth primarily in Hong Kong, and improved credit and claims experience. Year-to-date net income was \$111 million compared to \$77 million in 1998. Premiums and deposits increased by 71% to \$512 million for the quarter ended September 30, 1999 primarily due to sales of single premium endowment products in Japan and growth in individual insurance business in Hong Kong. Funds under management increased by 52% from \$4.4 billion as at September 30, 1998 to \$6.6 billion as at September 30, 1999. This increase was largely due to the investment in Japan in the first quarter of 1999, and segregated fund growth as a result of asset appreciation and net new variable pension deposits in Hong Kong.

Reinsurance Division

Reinsurance Division reported significantly improved earnings with net income increasing by \$38 million from a loss of \$9 million in the third quarter of 1998 to a profit of \$29 million in 1999. Year-to-date net income was \$86 million compared to \$19 million in 1998. This quarters' net income was attributable to improved claims experience in both the Life and Accident and Health business lines.

Results of Operations by Division (continued)

Premiums increased by 20% to \$258 million in the third quarter of 1999, primarily due to a new inforce retrocession transaction in the life business. Accident and health premiums continued to decline due to the execution of the Company's strategy to reduce participation in the U.S. medical reinsurance market. General fund assets increased by 9% from \$2.6 billion as at September 30, 1998 to \$2.8 billion as at September 30, 1999, reflecting business growth.

Demutualization

On September 23, 1999, Manulife Financial Corporation became the holding company of The Manufacturers Life Insurance Company ("Manufacturers Life"). As at that date and to reflect the change in corporate structure from a mutual company to a stock company, Manufacturers Life established two accounts; the participating policyholders' account and the shareholders' account. The participating policyholders' account includes the activities and earnings of participating policies. The shareholders' account is composed of all non-participating lines of business, transfers from the participating policyholders' account and net surplus assets and related earnings. Manulife Financial's consolidated net income for the nine months ended September 30, 1999 of \$623 million, representing the earnings of Manufacturers Life, is therefore comprised of (i) the results of operations as a mutual life insurance company from January 1, 1999 to September 23, 1999, and (ii) the results of operations as a

stock company from September 24, 1999 to September 30, 1999. Net income attributable to the period during which the Company was operated as a mutual company amounted to \$607 million, while net income for the seven day period during which the Company operated as a stock company amounted to \$16 million, which was earned by the shareholders' account of the Company. See note 2 to the Summary Financial Statements.

Normal Course Issuer Bid

On October 7, 1999, the Company announced the establishment of a normal course issuer bid program on The Toronto Stock Exchange (the "Exchange") authorizing the Company to purchase up to 25,045,161 common shares, representing approximately 5% of common shares issued and outstanding. The normal course issuer bid, accepted by the Exchange, commenced on October 12, 1999 and will expire on October 11, 2000 unless the maximum number of shares is purchased before then or the Company provides notice of early termination. Transactions will be executed on the Exchange at the prevailing market price in amounts and at times determined by the Company. Any shares purchased as part of the bid will be cancelled. A copy of the Notice of Intention may be obtained without charge from the Investor Relations Department, 200 Bloor Street East, Toronto, Ontario, M4W 1E5.

Year 2000 Status

As at September 30, 1999, management believes that all its critical IT and Non-IT systems were Year 2000 compliant, and that all of the Company's systems, including non-critical systems, will be Year 2000 compliant by the end of 1999.

In addition to efforts directed at the Company's own systems, the Company has consulted vendors, customers, borrowers and other third parties with which it deals in an effort to ensure that no material aspect of the Company's operations will be hindered by Year 2000 problems of these third parties. The Company has also prepared and completed contingency plans in the event that the Company's Year 2000 program has not fully resolved its Year 2000 issues. Management currently believes that, with modifications to existing software and conversions to new software, the Year 2000 risk will not pose significant operational problems for the Company's IT systems. However, there can be no assurance that the Company's Year 2000 program, including consulting third parties and its contingency planning, will avoid any material adverse effect on the Company's operations, customer relations or financial condition.

Summary Financial Statements

Consolidated Statements of Operations

(Canadian \$ in millions, unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Revenue				
Total premium income	2,110	1,445	6,457	4,117
Investment income	1,023	955	3,065	3,006
Other revenue	261	188	739	580
Total revenue	3,394	2,588	10,261	7,703
Policy benefits and expenses				
To policyholders and beneficiaries				
Death and disability benefits	510	608	1,556	1,628
Maturity and surrender benefits	547	428	1,561	1,598
Annuity payments	314	318	942	930
Net transfers to segregated funds	279	208	782	594
Increase in actuarial liabilities	541	64	2,033	85
Policyholder dividends	200	157	529	435
General expenses	481	331	1,303	951
Commissions	241	197	656	562
Interest expense	34	39	121	120
Premium taxes	23	20	64	59
Non-controlling interest in subsidiaries	(67)	(3)	(132)	–
Trust preferred securities issued by subsidiaries	14	16	47	45
Total policy benefits and expenses	3,117	2,383	9,462	7,007
Income before income taxes	277	205	799	696
Income taxes	(53)	(63)	(176)	(185)
Net income	224	142	623	511
Net income attributed to:				
Mutual operations (prior to demutualization)	208	142	607	511
Participating policyholders (after demutualization)	–	–	–	–
Shareholders (after demutualization)	16	–	16	–
Net income	224	142	623	511
Earnings per share (note 3)				

Consolidated Balance Sheets

(Canadian \$ in millions, unaudited)

	As at September 30	
	1999	1998
Assets		
Invested assets		
Bonds	30,337	30,417
Mortgages	7,099	7,621
Stocks	4,331	3,752
Real estate	3,156	2,911
Policy loans	3,195	3,048
Cash and short-term investments	4,107	1,555
Other investments	1,050	466
Total invested assets	53,275	49,770
Other assets		
Accrued investment income	731	742
Outstanding premiums	338	355
Deferred income taxes	632	849
Miscellaneous	1,833	835
Total other assets	3,534	2,781
Total assets	56,809	52,551
Segregated funds net assets	42,408	32,144
Liabilities and equity		
Actuarial liabilities	39,624	38,452
Benefits payable and provision for unreported claims	1,412	1,283
Policyholder amounts on deposit	1,153	1,014
Deferred realized net gains	2,413	2,846
Trust and banking deposits	298	283
Borrowed funds	54	3
Other liabilities	3,396	1,473
	48,350	45,354
Subordinated debt	597	630
Non-controlling interest in subsidiaries	706	44
Trust preferred securities issued by subsidiaries	733	763
Equity		
Participating policyholders' equity	69	—
Shareholders' equity (note 2)		
Common shares	636	—
Shareholders' retained earnings	5,718	—
Surplus	—	5,760
Total equity	6,423	5,760
Total liabilities and equity	56,809	52,551
Segregated funds net liabilities	42,408	32,144

NOTE:

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles including the accounting requirements of the Superintendent of Financial Institutions (Canada) ("OSFI"). None of the accounting requirements of OSFI is an exception to accounting principles generally accepted in Canada.

Consolidated Statements of Equity

(Canadian \$ in millions, unaudited)

Nine Months Ended September 30

	Surplus	Participating Policyholders	Shareholders	1999	1998
Operating retained earnings					
Balance, January 1	5,762	–	–	5,762	5,052
Conversion costs	(31)	–	–	(31)	–
Net income as a mutual operation	607	–	–	607	511
Balance, September 23, 1999 as restated on demutualization	6,338	–	–	6,338	5,563
Transfers to participating policyholders' equity	(69)	69	–	–	–
Transfers to shareholders' equity	(5,575)	–	5,575	–	–
Cash distributions by Manufacturers Life to certain participating policyholders	(694)	–	–	(694)	–
Net income as a stock company	–	–	16	16	–
Balance, September 30	–	69	5,591	5,660	5,563
Currency translation account					
Balance, January 1	243	–	–	243	16
Change during the period	(116)	–	–	(116)	181
Transfer to shareholders' equity on demutualization	(127)	–	127	–	–
Balance, September 30	–	–	127	127	197
Retained earnings	–	69	5,718	5,787	5,760
Common shares					
Balance, January 1	–	–	–	–	–
Issue of common shares, net (note 2)	–	–	636	636	–
Balance, September 30	–	–	636	636	–
Total equity	–	69	6,354	6,423	5,760

Consolidated Statements of Cash Flows

(Canadian \$ in millions, unaudited)

	Nine Months Ended September 30, 1999	
	1999	1998
Operating activities		
Operating cash inflows		
Premiums and annuity considerations	5,759	4,200
Investment income received	2,542	2,515
Other revenue	739	580
Total operating cash inflows	9,040	7,295
Operating cash outflows		
Benefits payments	4,031	4,302
Insurance expenses and taxes	2,030	1,933
Net transfers to segregated funds	782	594
Dividends paid to policyholders	529	435
Change in other assets and liabilities	(201)	487
Total operating cash outflows	7,171	7,751
Cash provided by (used in) operating activities	1,869	(456)
Investment activities		
Purchases and mortgage advances	(22,728)	(22,605)
Disposals and repayments	22,144	22,761
Cash used in investing activities	(584)	156
Financing activities		
Funds repaid	–	(29)
Borrowed funds	52	–
Increase in repurchase agreements and securities sold but not yet purchased	808	–
Issue of common shares, net (note 2)	618	–
Cash provided by (used in) financing activities	1,478	(29)
Cash and short-term investments		
Increase (decrease) during the period	2,763	(329)
Balance, beginning of period	1,140	1,542
Balance, September 30	3,903	1,213
Composition of cash and short-term investments		
Beginning of period		
Gross cash and short-term investments	1,329	1,842
Net payments in transit, included in other liabilities	(189)	(300)
Net cash and short-term investments, beginning of period	1,140	1,542
End of period		
Gross cash and short-term investments	4,107	1,555
Net payments in transit, included in other liabilities	(204)	(342)
Net cash and short-term investments, end of period	3,903	1,213

Segregated Funds Consolidated Statements of Net Assets

(Canadian \$ in millions, unaudited)

	As at September 30	
	1999	1998
Investments, at market values		
Bonds	3,142	3,781
Mortgages	2	5
Stocks	36,580	26,273
Real estate	9	15
Cash and short-term investments	2,650	2,057
Accrued investment income	29	26
Other liabilities, net	(4)	(13)
Total segregated fund net assets, September 30	42,408	32,144
Composition of segregated fund net assets:		
Held by Policyholders	42,350	32,094
Held by the Company	58	50
Total segregated fund net assets, September 30	42,408	32,144

Segregated Funds Consolidated Statements of Changes in Net Assets

(Canadian \$ in millions, unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Additions				
Deposits from policyholders	2,653	2,252	7,681	6,690
Realized and unrealized investment gains (losses)	(1,600)	(3,684)	1,267	(1,278)
Interest and dividends	227	103	701	533
Net transfers from general fund	279	208	782	594
Currency revaluation	(8)	1,057	(1,555)	1,696
Total additions	1,551	(64)	8,876	8,235
Deductions				
Payments to policyholders	1,484	924	4,208	2,729
Management and administrative fees	161	137	460	380
Total deductions	1,645	1,061	4,668	3,109
Net addition (reduction) to segregated funds for the period	(94)	(1,125)	4,208	5,126
Segregated funds net assets, beginning of period	42,502	33,269	38,200	27,018
Segregated funds net assets, September 30	42,408	32,144	42,408	32,144

Notes to the Summary Financial Statements

1. Segmented Information

(Canadian \$ in millions, unaudited)

By Segment	Nine Months Ended September 30, 1999					
	Canadian Division	U.S. Division	Asia Division	Reinsurance Division	Other	Total
Revenue						
Premium income						
Individual life and health	491	1,221	907	–	–	2,619
Group life and health	1,495	58	56	–	2	1,611
Reinsurance	–	–	–	611	–	611
Individual annuities	329	831	–	–	–	1,160
Group pensions	247	129	80	–	–	456
Total premium income	2,562	2,239	1,043	611	2	6,457
Investment income	1,223	1,376	217	125	124	3,065
Other revenue	131	494	50	9	55	739
Total revenue	3,916	4,109	1,310	745	181	10,261
Interest expense	25	28	25	2	41	121
Income before income taxes	208	398	97	111	(15)	799
Income taxes	(36)	(140)	14	(25)	11	(176)
Net income	172	258	111	86	(4)	623
Amortization of realized and unrealized gains	149	192	25	8	98	472
Segregated fund deposits	1,042	6,402	237	–	–	7,681

	As at September 30, 1999					
	Canadian Division	U.S. Division	Asia Division	Reinsurance Division	Other	Total
Actuarial liabilities	16,351	19,505	2,876	788	104	39,624
Funds under management						
General fund	20,635	23,916	5,346	2,778	4,134	56,809
Segregated funds	7,516	33,725	1,167	–	–	42,408
Mutual funds	–	–	134	–	1,414	1,548
Other managed funds	–	–	–	–	4,358	4,358

By geographic location	Nine Months Ended September 30, 1999				
	Canada	United States	Asia	Other	Total
Revenue					
Premium income					
Individual life and health	574	1,403	910	153	3,040
Group life and health	1,512	185	57	47	1,801
Individual annuities	329	831	–	–	1,160
Group pensions	247	129	80	–	456
Total premium income	2,662	2,548	1,047	200	6,457
Investment income	1,370	1,442	219	34	3,065
Other revenue	154	498	50	37	739
Total revenue	4,186	4,488	1,316	271	10,261

(Canadian \$ in millions, unaudited)

By Segment	Nine Months Ended September 30, 1998					
	Canadian Division	U.S. Division	Asia Division	Reinsurance Division	Other	Total
Revenue						
Premium income						
Individual life and health	468	1,119	512	–	–	2,099
Group life and health	693	56	33	–	6	788
Reinsurance	–	–	–	551	–	551
Individual annuities	193	22	–	–	–	215
Group pensions	251	124	89	–	–	464
Total premium income	1,605	1,321	634	551	6	4,117
Investment income	1,221	1,388	173	107	117	3,006
Other revenue	105	380	31	7	57	580
Total revenue	2,931	3,089	838	665	180	7,703
Interest expense	27	31	25	2	35	120
Income before income taxes	231	343	84	21	17	696
Income taxes	(60)	(117)	(7)	(2)	1	(185)
Net income	171	226	77	19	18	511
Amortization of realized and unrealized gains	143	171	14	2	73	403
Segregated fund deposits	1,359	5,129	202	–	–	6,690

	As at September 30, 1998					
Actuarial liabilities	15,777	19,471	2,459	745	–	38,452
Funds under management						
General fund	19,946	23,694	3,414	2,560	2,937	52,551
Segregated funds	6,090	25,192	862	–	–	32,144
Mutual funds	–	–	99	–	1,512	1,611
Other managed funds	–	–	–	–	3,432	3,432

By geographic location	Nine Months Ended September 30, 1998				
	Canada	United States	Asia	Other	Total
Revenue					
Premium income					
Individual life and health	491	1,270	515	117	2,393
Group life and health	709	244	36	56	1,045
Individual annuities	193	22	–	–	215
Group pensions	251	124	89	–	464
Total premium income	1,644	1,660	640	173	4,117
Investment income	1,309	1,446	175	76	3,006
Other revenue	130	385	31	34	580
Total revenue	3,083	3,491	846	283	7,703

The Company provides a wide range of financial products and services, including individual life insurance, group life and health insurance, pensions, annuities and mutual funds to individual and group customers in Canada, the United States and Asia. The Company also offers reinsurance services, primarily life and accident and health reinsurance, and provides investment management services with respect to the Company's general fund assets, segregated fund assets and mutual funds and, in Canada, to institutional customers.

The Company's business segments include the Canadian, U.S., Asia and Reinsurance divisions. Each division has profit and loss responsibility and develops products, services and distribution strategies based on the profile of its business and the needs of its market. The results of the Company's business segments differ from geographic segmentation primarily as a consequence of segmenting the results of the Company's Reinsurance Division into the different geographic segments to which its business pertains.

2. Demutualization

The Manufacturers Life Insurance Company ("Manufacturers Life") was organized as a mutual life insurance company until September 23, 1999. On that date, Manufacturers Life converted to a stock life insurance company with common shares following approval of its plan to demutualize by policyholders and the Minister of Finance (Canada). Manulife Financial Corporation ("Manulife Financial", the "Company") was incorporated on April 26, 1999 under the Insurance Companies Act (Canada) and on September 23, 1999, became an insurance holding company owning all of the outstanding shares of Manufacturers Life. To effect the conversion, the Company issued a total of 500,903,225 common shares, of which 38,530,219 were issued to certain underwriters at \$18.00 per share and 99,805,397 common

shares were sold in a secondary offering by a custodian on behalf of certain policyholders who elected, or were otherwise required, to sell their common shares pursuant to the plan of demutualization. The remaining 362,567,609 common shares were retained by policyholders. Proceeds from the shares issued to the underwriters amounted to \$694 million and were used to fund payments by Manufacturers Life, in lieu of common shares, to certain policyholders in exchange for their ownership rights. All costs of services provided by outside vendors in respect of the conversion, amounting to \$31 million net of taxes, were treated as a capital transaction and, upon demutualization, were deducted from the surplus of Manufacturers Life. All costs of the secondary offering, amounting to \$57 million net of taxes, were treated as a capital transaction and deducted from the stated capital of the Company. All costs were paid from general funds of the Company.

As at September 30, 1999, the Company had 500,903,225 shares issued and outstanding. On October 7, 1999, the Company announced the establishment of a normal course issuer bid program as discussed in Management's Analysis of Operations.

For financial statement purposes, the assets, liabilities, surplus and results of operations of Manufacturers Life have been presented in the consolidated financial statements of Manulife Financial Corporation on a continuity of interest basis.

3. Earnings per share

Earnings per share for the seven day period from September 24, 1999 to September 30, 1999 was \$0.03, calculated using net income attributable to shareholders and the weighted average of the number of shares outstanding for that period of 500,903,225.

Statistical Summary

(Canadian \$ in millions unless otherwise stated, unaudited)

	1999			1998	
	Q3	Q2	Q1	Q4	Q3
Premiums and deposits					
Life and health insurance	1,506	2,143	1,192	1,264	1,209
Annuities and pensions	604	513	499	315	236
Segregated funds	2,653	2,475	2,553	2,156	2,252
Mutual funds	31	27	35	48	53
ASOPremium equivalents	135	136	131	137	128
Total premiums and deposits	4,929	5,294	4,410	3,920	3,878
Funds under management					
General fund	56,809	55,167	53,616	53,102	52,551
Segregated funds	42,408	42,502	39,586	38,200	32,144
Mutual and other managed funds	5,906	5,824	5,285	5,388	5,043
Total funds under management	105,123	103,493	98,487	96,690	89,738
Net income attributed to					
Mutual operations	208	204	195	199	142
Participating policyholders	–	–	–	–	–
Shareholders	16	–	–	–	–
Net income for the period	224	204	195	199	142
Capitalization					
Subordinated debt	597	588	607	627	630
Trust preferred securities issued by subsidiaries	733	750	750	783	763
Equity					
Participating policyholders' equity	69	–	–	–	–
Shareholders' equity					
Common shares	636	–	–	–	–
Shareholders' retained earnings	5,718	–	–	–	–
Surplus	–	6,267	6,172	6,005	5,760
Total capital	7,753	7,605	7,529	7,415	7,153
Selected key performance measures					
Earnings per share (*)	\$ 0.45	\$ 0.40	\$ 0.39	\$ 0.40	\$ 0.28
Return on total equity (annualized)	14.1%	13.2%	12.8%	13.5%	10.1%
Return on assets (annualized)	1.6%	1.5%	1.5%	1.5%	1.1%
Book value per share	\$ 12.69	–	–	–	–
Market value to book value ratio	1.38	–	–	–	–
Market capitalization (\$ billions)	8.74	–	–	–	–
Shares outstanding	500,903,225				

(*) In this statistical summary, earnings per share has been computed using net income for the period, and the number of shares outstanding as at September 30, 1999.

SHARE INFORMATION

Symbol **MFC**

Common Shares Listed On: The Toronto Stock Exchange, the Montreal Exchange, the New York Stock Exchange, The Stock Exchange of Hong Kong (Company number 0945) and the Philippine Stock Exchange

TRADING SUMMARY

(Sept. 24 – Sept. 30)	Toronto ⁽¹⁾	New York ⁽²⁾	Hong Kong ⁽³⁾	Philippines ⁽⁴⁾
High	17.90	12 ³ / ₁₆	92.75	480
Low	17.20	11 ³ / ₄	89.75	460
Close	17.45	11 ⁷ / ₈	90.50	475

⁽¹⁾ Canadian \$

⁽²⁾ United States \$

⁽³⁾ Hong Kong \$

⁽⁴⁾ Philippine Pesos



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West Tower Exchange Road
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CREDIT RATINGS	Purpose	Rating Agency	Rating
The following rating agencies each assign Manulife Financial ratings within their highest range of categories, thereby recognizing the Company as among the strongest in the life insurance industry.	Claims Paying/ Financial Strength	A.M. Best	A++
		Dominion Bond Rating Service	IC-1
		Duff & Phelps	AAA
		Moody's	Aa2
	Commercial Paper	Standard & Poors	AA+
		Dominion Bond Rating Service	R-1 (mid)
		Moody's	Prime-1
	Subordinated Debt	Standard & Poors	A-1+
		Duff & Phelps	AA
Moody's		A1	
	Standard & Poors	AA-	