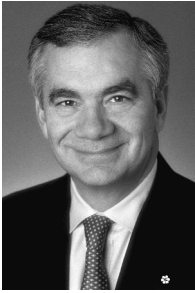


Message to Shareholders



Dominic D'Alessandro

2005 was an exceptional year for Manulife. Almost all of our businesses achieved record sales and earnings and in many segments we made strong gains in market share. I am particularly pleased that we were able to achieve these results despite the significant effort required to complete the integration of John Hancock Financial Services. I am very proud of our

2005 financial results and of the leading position that our company enjoys in the financial services industry.

Perhaps the most significant milestone this year was the completion of the John Hancock integration. This was a complicated task that required tremendous effort and coordination from our employees worldwide. I am happy to report that it was accomplished with an expediency and efficiency of which we can all be very proud. The results are clear – the integration was completed ahead of schedule, expense synergy targets were surpassed and expectations for return on shareholders' equity were exceeded. We combined the “best of the best” in all areas – product, distribution, customer service, people, technology and brand – and are operating as one combined company.

Throughout the integration we remained focused on our core strengths of product innovation, distribution and customer service. We invested in our newly acquired distribution channels, expanded into new territories and business lines in China and added new bancassurance relationships in Japan and in other parts of Asia. Manulife continued to receive numerous service awards from independent third parties in the U.S., Canada and in Asia. In all parts of Manulife, employees worked hard to ensure that we achieved solid organic growth despite the demands of the integration. As you review this annual report, you will see evidence of our combined strengths in the diversity of our operations and strong top and bottom line growth.

In last year's message to the shareholders, I wrote that our core values which form the basis for all of our decisions are essential to the achievement of a pre-eminent position in our business. In 2005 we were faced with certain challenges that tested these assertions to some degree. However, in all cases our responses reflected the core values of professionalism, integrity and financial strength that permeate our Company. Following the devastation of the tsunami in Asia and Hurricane Katrina in the United States, employees from around the world came together to support the customers, agents and employees affected by these events. In response to the unexpected failure of a hedge fund, we moved swiftly to offer all our affected customers who had been referred to the fund a 100 per cent guarantee because we believed it was the right thing to do. In return, our

customers demonstrated their trust in Manulife by reinvesting the majority of that money with our Company. We stood behind our customers and we thank our customers for standing behind Manulife. While we hope that 2006 will be less eventful, we know that adherence to our core values will lead us to the right decisions... in times of challenge and in times of opportunity.

Today, our Company is financially stronger than ever before with a very substantial capital position complemented by significant scale and a diverse and growing earnings stream. Reflecting this, two of the primary rating agencies revised Manulife's outlook to positive and indicated that they would consider the upgrade of our already very strong financial strength ratings. We welcome these endorsements and the confidence that they provide to our customers and investors. It is further evidence that our global franchises are recognized as best in class. And we are pleased that we enjoy access to the capital markets on the most advantageous of terms.

As you go through the reports from each of our divisions I am confident that you will notice how well positioned we are to take advantage of the many opportunities available in the geographically diverse markets where we conduct business. Our business structure requires that divisional leaders take full accountability for their financial performance in each market. This accountability encourages each business to focus on the products and services that bring real value to customers and is an important factor explaining the success that we have enjoyed over the years.

In Canada we expect to enjoy steady progress as our insurance and wealth management units are poised for growth. In the U.S. and Japan, the two largest economies in the world, we are also very well positioned for continued growth with diversified distribution capabilities and attractive product offerings. In China, one of the world's fastest growing economies, our joint venture has more licenses in more cities than that of any other foreign life insurance company. And while rapid economic growth is new to some parts of Asia, Manulife is not. Our Company is firmly rooted in more than 100 years of experience across Asia.

Year in Review

In 2005, Manulife continued its track record of delivering strong and consistent earnings growth with shareholders' earnings of \$3,294 million, a 29 per cent increase over 2004. It is gratifying that this performance was achieved notwithstanding a stronger Canadian dollar which reduced earnings for the year by approximately \$200 million. Record new sales, favourable investment performance, in-force business growth and the emergence of expense synergies all contributed to this exceptional result. In addition, earnings benefited from a full year of earnings contribution from John Hancock, compared to eight months last year. Earnings per share also increased sharply, up 13 per cent over last year.

The results are clear – the integration was completed ahead of schedule, expense synergy targets were surpassed and expectations for return on shareholders' equity were exceeded. We combined the “best of the best” in all areas – product, distribution, customer service, people, technology and brand – and are operating as one combined company.

Return on shareholders' equity was 14.1 per cent in 2005, a solid improvement over last year. Since we closed the John Hancock transaction in April 2004, we have moved quickly to improve the Company's return on equity. In the third quarter of 2004, the first full quarter of combined operations, our return on shareholders' equity declined to 12.0 per cent due to the significantly expanded capital base. In the fourth quarter of 2005, we reported return on shareholders' equity of 15.5 per cent, an impressive improvement of 350 basis points in just five quarters. We will continue to work towards our stated objective of a 16 per cent return on equity by delivering continued earnings growth and by returning capital to shareholders in the form of dividends and share buybacks. Since the beginning of the year, the quarterly dividend was increased twice and now stands at 35 cents per common share. In addition, 21.1 million common shares were repurchased at an aggregate cost of \$1.24 billion.

United States

The John Hancock transaction fundamentally changed our operations in the United States. While the integration effort did result in considerable cost savings across the U.S. operations, the more significant story here is about the revenue growth that has been achieved. We have enhanced and broadened our product offerings and are selling through new distribution channels and under the John Hancock brand. The result was record sales and earnings in all key businesses in the United States.

U.S. Protection performed superbly in 2005 with earnings up an impressive 31 per cent over last year to \$614 million. Contributing to the solid result was strong in-force business growth, favourable investment experience, improved margins in Long Term Care and merger-related synergies in Individual Insurance. Earnings also benefited from record sales in Individual Insurance, which increased by 37 per cent over 2004, on a U.S. dollar basis.

The launch of the post-merger product suite, new sales initiatives and an expanded distribution platform were key contributors to this solid result. This strong platform also resulted in improved sales rankings with Manulife moving to the number three market share position overall, up from fifth last year. In Long Term Care, we have maintained leading positions in both group and individual with top three market share rankings.

U.S. Wealth Management earnings of \$585 million were also very satisfactory with year over year growth evident in each of

our operating segments. Exceptional net sales and strong in-force growth in variable annuities and Retirement Plan Services contributed favourably to the strong earnings growth. From a sales perspective, perhaps the most impressive gains were realized in variable annuities where the launch of an innovative product offering aimed at the baby boomers led to a 36 per cent increase in sales on a U.S. dollar basis and improved our market position to #2 in the non-proprietary channel and #7 overall. Contributing to this exceptional sales growth was the performance of the John Hancock Financial Network, a new and now leading, distributor of our variable annuity products. The strong sales through JHFN is a good example of the revenue synergies achieved as a result of the merger. In our Mutual Fund segment, we announced several important initiatives that will expand our fund offering and add a number of four and five star rated funds. With an increased selection of highly rated funds, we expect this business to grow noticeably in the periods ahead.

Our Guaranteed and Structured Financial Products segment performed well in 2005 with earnings of \$283 million. This segment's funds under management decreased marginally as we continued to restrict institutional sales and refocus on the retail segment which we believe offers superior returns.

Canada

The Canadian Division had another exceptional year in 2005, with a 32 per cent year-over-year increase in shareholders' earnings to \$809 million. Strong in-force business growth, good claims experience, higher equity markets, expense synergies and four additional months of earnings from Maritime Life all contributed to the record results. Despite the significant scope of the integration in Canada, the Division delivered strong sales and continued to introduce new products and services during the year. To an already strong position in Canada, Maritime Life added significant scale, enhanced our market share and further diversified our product offerings. In addition, the merger expanded our access to the managing general agent channel and it is now one of our key distribution channels for all of our individual products. Within the Individual Wealth Management business, we launched a new strategic asset allocation program designed to simplify the investment process and have delivered strong net sales within the mutual fund segment. Also noteworthy is the performance of Manulife Bank which has enjoyed a sharp increase in assets and is now emerging as a noticeable contributor to the Division's earnings. The Group Savings and

Our efforts will also remain focused on further developing those capabilities that have served us so well in the past and which have made us the successful company that we are today. Continued product innovation, expansion of distribution capabilities and a relentless drive to improve productivity will be features of all of our businesses everywhere in the world.

Retirement Solutions business performed extremely well with record full year sales and progress in penetrating the larger case market. Overall, the Canadian Division is a strong leader in our home market, with a first or second place market share ranking in virtually all of our key business lines.

Asia & Japan

Our Asia and Japan Division is well diversified by product offering, geography and increasingly, by distribution channel. We have operations across ten countries and territories and in many markets we enjoy a market leading position. In 2005, each of our operating units delivered strong earnings performance, and taken together, the Asia and Japan Division had record shareholders' earnings of \$732 million, up a very impressive 50 per cent over 2004.

In Hong Kong, increased business volumes, product innovation and improved investment income contributed to the earnings growth of 18 per cent on a U.S. dollar basis. Distribution was also expanded during the year with a new bancassurance agreement and growth in the number of agents during the latter half of the year.

Other Asia Territories' earnings were up 73 per cent year over year on a U.S. dollar basis as the business continued to realize economies of scale and the benefit of improved claims experience. In China, the business continues to expand at a rapid, but measured pace. By year-end, we were authorized to operate in 12 cities, the most of any foreign life insurance company, and our product offerings had expanded to include Group Life and Health and Pension services. The rapid growth of the Chinese economy continues and, as our operations are located in cities whose growth outpaces the national economy, we expect the long-term benefits to Manulife to be substantial.

We are especially pleased with the performance of Manulife Japan, where earnings more than doubled over last year. While 2005 results included the benefit of two one-time items, earnings also increased due to strong sales and in-force business growth in both variable annuities and universal life. Our variable annuity sales surpassed the U.S.\$3 billion mark and, on a local currency basis, increased by 72 per cent over 2004. Sales growth was evident in the agency sales force as well as the brokerage and bank channels. Particularly successful was our strategic partnership with Mitsubishi UFJ Financial Group, which is now the largest bank in the world.

Reinsurance

2005 was an unusually challenging year for our Reinsurance Division as unprecedented levels of hurricane related claims resulted in a net loss of \$108 million compared to net income of \$230 million in 2004. To better position us, new property catastrophe business for 2006 was written on much better terms including higher average premium rates and higher attachment points. Within the life retrocession segment, 2005 sales were very strong with new business volumes up 42 per cent over last year. Barring a recurrence of catastrophe losses, we expect the Reinsurance Division to return to a historical level of profitability in 2006.

Investments

Our Investments Division had an excellent year in 2005, delivering returns on all major asset classes that were well in excess of their benchmarks – in bonds, mortgages, equities, real estate, oil and gas, timber, agriculture and private equity. Our asset mix was also favourably positioned, with particularly strong overweights in Japanese and European equities and an underweight in U.S. equities that proved to be highly propitious. Credit developments favoured us, resulting in far less than planned credit provisions, and enabling our managers to selectively improve the overall quality of our fixed income portfolio. As well, a number of highly successful transactions were consummated in timber and private equity, adding to both investment income and management fees. Finally, assets managed by the Investments Division for third parties grew by more than \$10 billion, a record for our company. As of year end, total assets managed for third parties by MFC entities was \$91 billion.

Looking Forward

As the work to integrate John Hancock is now behind us, we can turn our full attention to seizing the many opportunities for growth that are available to the merged organization. I have always believed that our global diversity provides us with one of the best growth platforms in the industry. In the more mature markets of Canada, the United States, Hong Kong and Japan, we are well positioned to take advantage of the favourable demographics and the increasing demand for wealth management products. In the high growth markets of China and Vietnam, where market penetration of insurance and other protection products is low, we have established a highly

regarded reputation, solid product offerings and strong distribution.

Our efforts will also remain focused on further developing those capabilities that have served us so well in the past and which have made us the successful company that we are today. Continued product innovation, expansion of distribution capabilities and a relentless drive to improve productivity will be features of all of our businesses everywhere in the world. Concurrently, we will continue to improve upon our already well recognized risk and investment management capabilities. Manulife has the aspiration of being the most professional life insurance company in the world. The attainment of this goal requires that all of our employees perform at the highest level possible. We will strive to maintain an environment that demands and rewards excellence in everything that we do.

We expect that there will be further consolidation in our industry and we will continue to assess opportunities as they arise, but will do so with the same rigor and financial discipline we have demonstrated in the past. We can be selective with acquisitions because we know that our growth expectations can be achieved through organic growth.

I want to take this opportunity to thank Mr. Kevin Benson and Mr. Michael Wilson for their many contributions as directors of

our company. Mr. Benson decided that the current demands of his principal position as the Chief Executive Officer of a U.S. public company made it impossible to continue as a Board member. Mr. Wilson was appointed the Canadian Ambassador to the United States in February 2006 and consequently is unable to stand for re-election. Both Kevin and Michael have been marvelous directors and I know that I speak on behalf of everyone in saying that we will miss their wise counsel and consistent encouragement.

I would like to conclude by thanking our employees for their tremendous effort and professional approach to running our businesses. In a year of considerable change and challenge, the dedication of our people was key to our success. Our exceptional results are a testament to their efforts. Also, to our customers, distribution partners, agents and shareholders, thank you for your continued trust in our company.



Dominic D'Alessandro
President and Chief Executive Officer

Cautionary Statement Concerning Forward-Looking Statements

This document includes forward-looking statements within the meaning of the "safe harbour" provisions of Canadian provincial securities laws and the U.S. *Private Securities Litigation Reform Act of 1995*. These forward-looking statements relate to, among other things, the Company's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and generally can be identified by the use of words such as "may", "will", "could", "would", "suspect", "outlook", "expect", "intend", "estimate", "anticipate", "believe", "plan", "forecast" and "continue" (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve inherent risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, 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: business competition; maintenance of financial ratings; general economic conditions and market factors including stock market and real estate market performance and fluctuations in interest rates and currency values; the variation between actual claims experience under insurance policies and initial claims estimates; changes in government regulations or in tax laws; unfavourable resolution of litigation involving the Company; the Company's ability to complete strategic acquisitions and to integrate acquisitions; reliance on third parties that may be unable to fulfill obligations or perform services; political conditions and developments; the timely development and introduction of new products and services; unexpected changes in consumer spending and saving habits; natural disasters such as hurricanes or tsunamis; public health emergencies, such as an influenza pandemic; international conflicts and other developments including those relating to terrorist activities; and the Company's success in anticipating and managing the risks associated with those events. Additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, may be found under "Risk Management" and "Critical Accounting and Actuarial Policies" in Management's Discussion and Analysis for the year ended December 31, 2005 and elsewhere in the Company's filings with Canadian and U.S. securities regulators. The Company does not undertake to update any forward-looking statements.