

*This short form prospectus constitutes a public offering only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or for the account or benefit of U.S. persons. See "Plan of Distribution".*

**Short Form Prospectus**

New Issue

**July 8, 2005**



**Sun Life Financial Inc.**

**\$325,000,000**

**13,000,000 Class A Non-Cumulative Preferred Shares Series 2**

The holders of Class A Non-Cumulative Preferred Shares Series 2 (the "Class A Preferred Shares Series 2") of Sun Life Financial Inc. ("SLF" or the "Company") will be entitled to receive fixed non-cumulative preferential cash dividends, payable quarterly on March 31, June 30, September 30 and December 31 in each year, as and when declared by the Board of Directors of SLF, at a quarterly rate of \$0.30 per Class A Preferred Share Series 2. The initial dividend, if declared, will be payable on September 30, 2005 and will be \$0.253151 per Class A Preferred Share Series 2, based on an anticipated closing date of July 15, 2005. See "Details of the Offering".

Subject to the provisions of the *Insurance Companies Act* (Canada) (the "Insurance Act") and the prior consent of the Superintendent of Financial Institutions (the "Superintendent"), on and after September 30, 2010, SLF may redeem the Class A Preferred Shares Series 2 in whole or in part by the payment in cash of an amount equal to \$25.00 per Class A Preferred Share Series 2 plus, if redeemed before September 30, 2014, a premium, together with declared and unpaid dividends to the date fixed for redemption. See "Details of the Offering".

The Toronto Stock Exchange ("TSX") has conditionally approved the listing of the Class A Preferred Shares Series 2. Listing is subject to SLF fulfilling all of the requirements of the TSX on or before September 26, 2005.

**Price: \$25.00 per Class A Preferred Share Series 2 to yield 4.80%**

RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., CIBC World Markets Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and Merrill Lynch Canada Inc. (collectively the "Underwriters"), as principals, conditionally offer the Class A Preferred Shares Series 2, subject to prior sale, if, as and when issued by SLF and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of SLF by Torys LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

	<u>Price to public</u>	<u>Underwriters' fee (1)</u>	<u>Net proceeds to SLF (2)</u>
Per Class A Preferred Share Series 2 . . . . .	\$25	\$0.75	\$24.25
Total . . . . .	\$325,000,000	\$9,750,000	\$315,250,000

- (1) The Underwriters' fee is \$0.25 for each share sold to certain institutions and \$0.75 for all other shares which are sold. The totals set forth in the table represent the Underwriters' fee and net proceeds assuming no shares are sold to institutions.
- (2) Before deduction of expenses of this issue payable by SLF estimated at \$400,000.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Class A Preferred Shares Series 2. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing will take place on or about July 15, 2005 or such later date as may be agreed upon, but in any event not later than July 28, 2005. A "book-entry only" certificate representing the Class A Preferred Shares Series 2 will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing date. Physical certificates representing the Class A Preferred Shares Series 2 will not be issued to purchasers, except in limited circumstances, and registration will be made in the depository service of CDS. A purchaser of Class A Preferred Shares Series 2 will receive only a customer confirmation from a registered dealer who is a CDS participant and from or through whom the Class A Preferred Shares Series 2 are purchased. See "Depository Services".

## Table of Contents

	<u>Page</u>		<u>Page</u>
Caution Regarding Forward-Looking Statements	2	Earnings Coverage .....	11
Documents Incorporated by Reference .....	2	Plan of Distribution .....	11
Currency and Accounting Information .....	3	Use of Proceeds .....	12
Sun Life Financial Inc. ....	3	Transfer Agent and Registrar .....	12
Description of Share Capital .....	4	Risk Factors .....	12
Details of the Offering .....	5	Legal Matters .....	13
Insurance Act Restrictions .....	7	Statutory Rights of Withdrawal and Rescission ..	13
Depository Services .....	8	Certificate of Sun Life Financial Inc. ....	C-1
Canadian Federal Income Tax Considerations ...	9	Certificate of the Underwriters .....	C-2
Ratings .....	10	Exhibit — Auditors’ Consent .....	C-3
Consolidated Capitalization .....	11		

### Caution Regarding Forward-Looking Statements

Some of the statements contained or incorporated by reference in this prospectus, including those relating to the Company’s strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only the Company’s expectations, estimates and projections regarding future events.

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results and stockholder value of the Company may differ materially from those expressed in these forward-looking statements due to, among other factors, the matters set out under “Risk Factors” and the factors detailed in the Company’s filings with Canadian and U.S. securities regulators, including its annual and interim management’s discussion and analysis, and annual and interim financial statements and the notes thereto.

Factors that could cause actual results to differ materially from expectations include, but are not limited to: external factors, including changes in equity market performance, interest rates, currency exchange rates and government regulations; the amount and composition of assets under management; the management of product pricing; mortality and morbidity rates; expense management; the maintenance of spreads between credited rates and investment returns; surrender and lapse rates; the management of market and credit risks; the management of risks inherent in products with guaranteed benefit options; and the results of regulatory investigations into the practices of the mutual fund, insurance, annuity and financial product distribution industries in the United States, including private legal proceedings and class actions that have been commenced or threatened in connection with these practices. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as required by law.

### Documents Incorporated by Reference

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference may be obtained on request without charge from the Vice-President, Investor Relations, Sun Life Financial Inc., 150 King Street West, Toronto, Ontario M5H 1J9, telephone (416) 204-8163 or fax (416) 585-7892. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Vice-President, Investor Relations of SLF at the above-mentioned address and telephone number.

The following documents have been filed with the Superintendent and securities regulatory authorities in each province and territory of Canada and are specifically incorporated by reference into, and form an integral part of, this prospectus:

- (a) the renewal annual information form dated February 14, 2005;
- (b) the audited consolidated financial statements as at December 31, 2004 and 2003 and for each of the years in the two year period ended December 31, 2004, together with the auditors' report thereon and management's discussion and analysis thereon;
- (c) the management information circular dated March 21, 2005; and
- (d) the unaudited interim consolidated financial statements and the management's discussion and analysis for the three months ended March 31, 2005.

**Any documents of the type referred to in the preceding paragraph and any unaudited interim financial statements for three, six or nine month financial periods, any information circulars and any material change reports (excluding confidential material change reports) filed by SLF with a securities regulatory authority in Canada after the date of this prospectus and prior to the completion or withdrawal of this offering, are deemed to be incorporated by reference in this prospectus.**

**Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus or contained in this prospectus is deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus 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 will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.**

#### **Currency and Accounting Information**

Unless otherwise indicated, all dollar amounts appearing in this prospectus are stated in Canadian dollars.

All amounts appearing under "Consolidated Capitalization" are derived from SLF's interim consolidated financial results for the three months ended March 31, 2005. All amounts appearing under "Earnings Coverage" are derived from the consolidated financial results of SLF for the 12 months ended December 31, 2004 and the interim consolidated financial results of SLF for the 12 months ended March 31, 2005, as applicable. All of these amounts are presented in accordance with Canadian generally accepted accounting principles.

#### **Sun Life Financial Inc.**

SLF was incorporated under the Insurance Act on August 5, 1999. On the completion of the demutualization of Sun Life Assurance Company of Canada ("Sun Life Assurance") on March 22, 2000, SLF became the holding company which holds directly all the outstanding voting shares of Sun Life Assurance.

SLF's corporate office is located at Sun Life Tower, 150 King Street West, Toronto, Ontario, Canada M5H 1J9. SLF's principal office in Canada is located at 227 King Street South, Waterloo, Ontario, Canada N2C 4C5, its principal office in the United States is located at One Sun Life Executive Park, Wellesley Hills, Massachusetts, U.S.A. 02481, its regional headquarters for Asia are located at Two Pacific Place, 88 Queensway, Hong Kong, and its principal office in the United Kingdom is located at Basing View, Basingstoke, United Kingdom RG21 4DZ.

#### **Business**

SLF traces its roots in Canada back to 1865, in the United States to 1895, in Asia to 1892, and in the United Kingdom to 1893.

SLF is a leading international financial services organization, providing a wide range of savings, retirement, pension, mutual funds, investment management, and life and health insurance products and services to individual and corporate customers. At March 31, 2005, SLF was one of the three largest Canadian life insurance organizations based

on total assets under management of \$366 billion. SLF recorded total revenue of \$21.748 billion and shareholders' net income of \$1.681 billion for the year ended December 31, 2004, and recorded total revenue of \$5.119 billion and shareholders' net income of \$458 million for the three months ended March 31, 2005. At December 31, 2004, SLF had approximately 13,800 employees worldwide and an extensive global distribution network consisting of career sales forces in certain countries, independent insurance agents, investment dealers and financial planners.

### **Recent Development**

On July 5, 2005, SLF announced that it had reached an agreement to purchase all of the shares of CMG Asia Limited and CommServe Financial Limited, which together form the Hong Kong insurance and pension operations of the Commonwealth Bank of Australia, for \$560 million. The transaction, which is subject to the approval of regulatory authorities in Hong Kong and Bermuda, and the Superintendent in Canada, is expected to close late in the third quarter of 2005. The transaction will be financed from existing cash resources.

### **Subsidiaries**

A list of the principal subsidiaries directly or indirectly owned or controlled by SLF as at December 31, 2004 is included in SLF's renewal annual information form dated February 14, 2005.

## **Description of Share Capital**

### **General**

The authorized capital of SLF consists of unlimited numbers of common shares ("Common Shares"), Class A Shares (the "Class A Shares") and Class B Shares (the "Class B Shares"), each without nominal or par value.

The Class A Shares and Class B Shares may be issued in series as determined by the Board of Directors of SLF. The Board of Directors of SLF is authorized to fix the number, consideration per share, designation, and rights and restrictions attached to each series of shares. The holders of Class A Shares and Class B Shares are not entitled to any voting rights except as described below or as otherwise provided by law.

As of May 31, 2005, 586,727,500 Common Shares were outstanding, which are widely held and are listed on the TSX, the New York Stock Exchange and the Philippines Stock Exchange, and 16,000,000 Class A Preferred Shares Series 1 were outstanding and are listed on the TSX. At the date of this prospectus, no Class B Shares are outstanding.

The following is a summary of certain other provisions of the Common Shares, Class A Shares and Class B Shares.

### **Common Shares**

Each Common Share is entitled to one vote at meetings of the shareholders of SLF except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. Each Common Share is entitled to receive dividends if and when declared by the Board of Directors of SLF. All dividends that the Board of Directors of SLF may declare must be declared and paid in equal amounts per share on all Common Shares, subject to the rights of holders of the Class A Shares and Class B Shares. Holders of Common Shares will participate in any distribution of the net assets of SLF upon its liquidation, dissolution or winding-up on an equal basis per share, subject to the rights of the holders of the Class A Shares and Class B Shares. There are no pre-emptive, redemption, purchase or conversion rights attaching to the Common Shares.

### **Class A Shares**

The Class A Shares of each series rank on a parity with the Class A Shares of each other series with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding-up of SLF. The Class A Shares are entitled to preference over the Class B Shares, the Common Shares and any other shares ranking junior to the Class A Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the Class A Shares as a class may not be amended without such approval as may then be required by law, subject to a minimum requirement of approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Class A Shares held for that purpose.

## **Class B Shares**

The Class B Shares of each series rank on a parity with the Class B Shares of each other series with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding-up of SLF. The Class B Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Class B Shares with respect to the payment of dividends and the return of capital, but are subordinate to the Class A Shares and any other shares ranking senior to the Class B Shares with respect to the payment of dividends and return of capital. The special rights and restrictions attaching to the Class B Shares as a class may not be amended without such approval as may then be required by law, subject to a minimum requirement of approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Class B Shares held for that purpose.

## **Details of the Offering**

### **Class A Preferred Shares Series 2**

The following is a summary of certain provisions of the Class A Preferred Shares Series 2.

#### ***Issue Price***

The Class A Preferred Shares Series 2 will have an issue price of \$25.00 per share.

#### ***Dividends***

The holders of Class A Preferred Shares Series 2 will be entitled to receive fixed, non-cumulative preferential cash dividends, as and when declared by the Board of Directors of SLF, and subject to the provisions of the Insurance Act, payable quarterly on March 31, June 30, September 30 and December 31 in each year at a quarterly rate of \$0.30 per share. The first such dividend, if declared, will be paid on September 30, 2005 and, assuming a closing date of July 15, 2005, will amount to \$0.253151 per share.

The Board of Directors of SLF may not declare or pay any dividends on the Class A Preferred Shares Series 2 in respect of a quarterly financial reporting period if the Minimum Continuing Capital and Surplus Requirements (established by the Superintendent) ratio of Sun Life Assurance was less than 120% at the end of the preceding quarterly financial reporting period.

If the Board of Directors of SLF does not declare any dividend or part thereof on the Class A Preferred Shares Series 2 on or before the dividend payment date for a particular quarter, then the right of the holders of the Class A Preferred Shares Series 2 to such dividend or part thereof for such quarter will be extinguished.

The terms of the Class A Preferred Shares Series 2 require SLF to make the necessary election under Part VI.1 of the *Income Tax Act* (Canada) and the regulations thereunder (the "Act") so that corporate investors will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by SLF on the Class A Preferred Shares Series 2.

#### ***Redemption***

The Class A Preferred Shares Series 2 will not be redeemable by SLF prior to September 30, 2010. On and after September 30, 2010, but subject to the provisions described below under "Restrictions on Dividends and Retirement of Shares", SLF may redeem at any time all or from time to time any part of the outstanding Class A Preferred Shares Series 2, at SLF's option, by the payment of an amount in cash for each share redeemed of \$26.00 if redeemed during the 12 months commencing September 30, 2010, \$25.75 if redeemed during the 12 months commencing September 30, 2011, \$25.50 if redeemed during the 12 months commencing September 30, 2012, \$25.25 if redeemed during the 12 months commencing September 30, 2013, and \$25.00 if redeemed commencing September 30, 2014 and thereafter, in each case, together with declared and unpaid dividends to the redemption date.

SLF will give notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where only a part of the then outstanding Class A Preferred Shares Series 2 is at any time to be redeemed, the Class A Preferred Shares Series 2 are to be redeemed on a *pro rata* basis, disregarding fractions, or in any other equitable manner as determined by the Board of Directors of SLF, subject to obtaining any required regulatory approval.

It is SLF's intention to fund any cash redemption in full of the Class A Preferred Shares Series 2 by issuing securities that will have equity characteristics that are similar or equivalent to the Class A Preferred Shares Series 2 and qualify as Tier 1 capital from a regulatory perspective within six months of the date of redemption.

All redemptions of the Class A Preferred Shares Series 2 are subject to the provisions of the Insurance Act and the consent of the Superintendent. See "Insurance Act Restrictions".

### ***Conversion into a New Series of Preferred Shares***

SLF, at any time by resolution of the Board of Directors of SLF, may constitute a separate series of Class A Shares ("New Preferred Shares") having rights, privileges, restrictions and conditions attaching to them (other than any option or right to convert into Common Shares) which would qualify such New Preferred Shares as Tier 1 capital of SLF under the then current capital adequacy guidelines established by the Superintendent. In such event, SLF, with any necessary prior consent of the Superintendent, may give registered holders of the Class A Preferred Shares Series 2 notice that they have the right, pursuant to the terms of the Class A Preferred Shares Series 2, at their option, to convert their Class A Preferred Shares Series 2 on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. SLF will give notice of any option to convert to registered holders not more than 60 days and not less than 30 days prior to the conversion date. See "Insurance Act Restrictions". SLF will ensure that such New Preferred Shares will not, if issued, be or be deemed to be "short-term preferred shares" within the meaning of the Act.

### ***Purchase for Cancellation***

Subject to the provisions of the Insurance Act, the prior consent of the Superintendent and the provisions described below under "Restrictions on Dividends and Retirement of Shares", SLF may at any time purchase for cancellation any Class A Preferred Share Series 2 at any price.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of SLF, the holders of the Class A Preferred Shares Series 2 will be entitled to receive \$25.00 per share, together with all declared and unpaid dividends to the date of distribution, before any amounts are paid or any assets of SLF are distributed to the registered holders of any shares ranking junior to the Class A Preferred Shares Series 2. The holders of the Class A Preferred Shares Series 2 will not be entitled to share in any further distribution of the assets of SLF.

### ***Restrictions on Dividends and Retirement of Shares***

As long as any Class A Preferred Shares Series 2 are outstanding, SLF will not, without the approval of the holders of the Class A Preferred Shares Series 2:

- (a) pay any dividends on its Class B Shares or Common Shares or any other shares ranking junior to the Class A Preferred Shares Series 2 (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series 2);
- (b) redeem, purchase or otherwise retire any Class B Shares or Common Shares or any other shares ranking junior to the Class A Preferred Shares Series 2 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series 2);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series 2; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of preferred shares of SLF, redeem, purchase, or otherwise retire any other shares ranking on a parity with the Class A Preferred Shares Series 2;

unless, in each case, all dividends on the Class A Preferred Shares Series 2 up to and including those payable on the dividend payment date for the last completed period for which dividends are payable and in respect of which the rights of holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Class A Preferred Shares Series 2 up to the immediately preceding respective date or dates for payment and in respect of which the rights of holders of those shares have not been extinguished, have been declared and paid or set apart for payment. See "Insurance Act Restrictions".

If the Company does not pay a dividend on the Class A Preferred Shares Series 2 in respect of a particular period, then the right to that dividend will be extinguished. In addition, the Company is prohibited from paying dividends on its preferred shares in certain other circumstances. See “Risk Factors”.

#### ***Issue of Additional Series of Class A Shares***

SLF may issue other series of Class A Shares ranking on a parity with the Class A Preferred Shares Series 2 or shares of any other class or series without the approval of the holders of the Class A Preferred Shares Series 2. The Class A Preferred Shares Series 2 rank equally with the Class A Preferred Shares Series 1.

#### ***Amendments to the Class A Preferred Shares Series 2***

SLF will not without, but may from time to time with, the approval of the holders of the Class A Preferred Shares Series 2 given as specified below and any approval of the TSX as may be necessary, delete, add to or vary any rights, privileges, restrictions or conditions attaching to the Class A Preferred Shares Series 2. In addition, SLF will not without, but may from time to time with, any necessary consent of the Superintendent, make any such deletion, addition or variation which might affect the classification afforded the Class A Preferred Shares Series 2 from time to time for capital adequacy requirements pursuant to the Insurance Act and the regulations and guidelines thereunder.

#### ***Shareholder Approvals***

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares Series 2 as a series may be given in writing by the holders of all of the outstanding Class A Preferred Shares Series 2 or by a resolution passed by the affirmative vote of not less than 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of holders of the Class A Preferred Shares Series 2 at which a quorum of the outstanding Class A Preferred Shares Series 2 is represented. For this purpose, a quorum at any meeting of the holders of Class A Preferred Shares Series 2 will be 25% of the shares entitled to vote at any such meeting, except that at a meeting following an adjourned meeting there is no quorum requirement. At any meeting of holders of Class A Preferred Shares Series 2 as a series, each such holder will be entitled to one vote in respect of each Class A Preferred Share Series 2 held.

#### ***Voting Rights***

Subject to the provisions of the Insurance Act, the holders of the Class A Preferred Shares Series 2 will not be entitled to receive notice of, or to attend or to vote at, any meeting of the shareholders of SLF unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under “Dividends” above. In that event, the holders of the Class A Preferred Shares Series 2 will be entitled to receive notice of, and to attend, only meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held in the election of directors only but not in respect of any other business. The voting rights of the holders of the Class A Preferred Shares Series 2 will forthwith cease upon payment by SLF of the first quarterly dividend on the Class A Preferred Shares Series 2 to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Class A Preferred Shares Series 2 have again become extinguished, such voting rights will become effective again and so on from time to time.

#### **Insurance Act Restrictions**

The Insurance Act contains restrictions on the purchase or other acquisition, issue, transfer and voting of the shares of an insurance company. Pursuant to these restrictions, no person is permitted to acquire any shares of SLF if the acquisition would cause the person to have a “significant interest” in any class of shares of SLF, without the prior approval of the Minister of Finance of Canada. In addition SLF is not permitted to record any transfer or issue of shares of SLF if the transfer or issue would cause the person to have a significant interest in SLF, unless prior approval is obtained from the Minister of Finance of Canada. No person who has a significant interest in SLF may exercise any voting rights attached to the shares held by that person, unless that prior approval of the Minister of Finance of Canada is obtained. A person has a significant interest in a class of shares where the aggregate of any shares of that class beneficially owned by that person, any entity controlled by that person and any person acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares.

Under the Insurance Act, the Minister of Finance of Canada may approve only the acquisition of a significant interest of up to 30% of any class of non-voting shares and up to 20% of a class of voting shares and provided that the person acquiring those shares does not have direct or indirect influence over SLF that, if exercised, would result in that

person having control in fact of SLF. In addition, the Insurance Act prohibits life insurance companies, including SLF, from recording a transfer or issuing shares of any class to Her Majesty in right of Canada or of a province, an agent of Her Majesty, a foreign government or an agent of a foreign government.

### **Depository Services**

Except as otherwise provided below, the Class A Preferred Shares Series 2 will be issued in “book-entry only” form and must be purchased or transferred through participants (“Participants”) in the depository service of The Canadian Depository for Securities Limited or a successor (collectively, “CDS”) or its nominee, which include securities brokers and dealers, banks and trust companies. On the date of closing, SLF will cause a global certificate representing the Class A Preferred Shares Series 2 to be delivered to, and registered in the name of, CDS or its nominee. Except as otherwise provided below, no purchaser of Class A Preferred Shares Series 2 will be entitled to a certificate or other instrument from SLF or CDS evidencing that purchaser’s ownership, and no purchaser will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of the purchaser. Each purchaser of Class A Preferred Shares Series 2 will receive a customer confirmation of purchase from the registered dealer from which the Class A Preferred Shares Series 2 are purchased in accordance with the practices and procedures of the dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its Participants having interests in the Class A Preferred Shares Series 2. Physical certificates evidencing the Class A Preferred Shares Series 2 will not be issued to purchasers, and registration will be made in the depository service of CDS.

Neither SLF nor the Underwriters will assume any liability for (a) any aspect of the records relating to the beneficial ownership of the Class A Preferred Shares Series 2 held by CDS or the payments relating thereto, (b) maintaining, supervising or reviewing any records relating to the Class A Preferred Shares Series 2, or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Class A Preferred Shares Series 2 must look solely to Participants for payments made by or on behalf of SLF to CDS in respect of the Class A Preferred Shares Series 2.

If (i) required by applicable law, (ii) the book entry system ceases to exist, (iii) CDS advises SLF that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Class A Preferred Shares Series 2 and SLF is unable to locate a qualified successor, or (iv) SLF, at its option, decides to terminate the book entry system, then certificates representing the Class A Preferred Shares Series 2 will be made available through CDS.

### ***Manner of Effecting Transfer, Redemption or Conversion***

A transfer, redemption or conversion of Class A Preferred Shares Series 2 will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of Class A Preferred Shares Series 2 who are not Participants, but who wish to convert, purchase, sell or otherwise transfer ownership of or other interests in Class A Preferred Shares Series 2, may do so only through Participants.

The ability of a purchaser to pledge Class A Preferred Shares Series 2 and otherwise take action with respect to such purchaser’s interest in Class A Preferred Shares Series 2 (other than through a Participant) may be limited due to the absence of a physical certificate.

See “Insurance Act Restrictions”.

### ***Payment of Dividends and Other Amounts***

Payments of dividends and other amounts in respect of the Class A Preferred Shares Series 2 will be made by SLF to CDS or its nominee, as the case may be, as registered holder of the Class A Preferred Shares Series 2. As long as CDS or its nominee is the registered holder of the Class A Preferred Shares Series 2, CDS or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series 2 for the purposes of receiving payments on the Class A Preferred Shares Series 2.



SLF expects that CDS or its nominee, upon the date of receipt of any payment in respect of the Class A Preferred Shares Series 2, will credit the Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Class A Preferred Shares Series 2 shown on the records of CDS or its nominee. SLF also expects that payments by the Participants to the owners of beneficial interests in Class A Preferred Shares Series 2 will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Participants. The responsibility and liability of SLF in respect of the Class A Preferred Shares Series 2 issued in book entry form is limited to making payment of any amount due on such Class A Preferred Shares Series 2 to CDS or its nominee.

### **Canadian Federal Income Tax Considerations**

In the opinion of Torys LLP and McCarthy Tétrault LLP, the following is, as of the date of this prospectus, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Class A Preferred Shares Series 2 pursuant to this prospectus who, for the purposes of the Act is resident in Canada, deals at arm's length with SLF, is not affiliated with SLF, and holds such shares as capital property (an "investor").

Generally, Class A Preferred Shares Series 2 will be capital property to an investor provided the investor does not hold the shares in the course of carrying on a business and does not acquire them as part of an adventure in the nature of a trade. Certain investors who might not otherwise be considered to hold Class A Preferred Shares Series 2 as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the one time election permitted by subsection 39(4) of the Act.

Class A Preferred Shares Series 2 acquired by certain "financial institutions" (as defined in section 142.2 of the Act) will generally not be held as capital property by such investors and will be subject to special "mark-to-market" rules. Such financial institutions should consult their own tax advisors as to the consequences under the mark-to-market rules of holding Class A Preferred Shares Series 2.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, prospective investors are urged to consult their own tax advisors with respect to their particular circumstances.**

This summary is based upon the current provisions of the Act, all specific proposals to amend the Act publicly announced by the Minister of Finance prior to the date hereof and counsel's understanding of the current administrative practices published by the Canada Revenue Agency (the "CRA"). This summary does not otherwise take into account or anticipate any changes in law or in administrative practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

### **Dividends**

Dividends (including deemed dividends) received on the Class A Preferred Shares Series 2 by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

The Class A Preferred Shares Series 2 will be "taxable preferred shares" (as defined in the Act). The terms of the Class A Preferred Shares Series 2 require SLF to make the necessary election under Part VI.1 of the Act so that corporate investors will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by SLF on the Class A Preferred Shares Series 2.

Dividends (including deemed dividends) on the Class A Preferred Shares Series 2 received by a corporation other than a "specified financial institution" (as defined in the Act) will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation. Where the investor is a specified financial institution, such dividends will be deductible only if the Class A Preferred Shares Series 2 are not "term preferred shares" (as defined in the Act) or, if term preferred shares, such shares were not acquired by the specified financial institution in the ordinary course of the business carried on by it. A Class A Preferred Share Series 2 will not be a term preferred share to a specified financial institution where such share is listed on a prescribed stock exchange in Canada and the specified financial institution, alone or together with persons with whom it does not deal at arm's length within the meaning of the Act, does not receive (and is not deemed to receive) dividends in respect of more than 10% of the issued and outstanding Class A Preferred Shares Series 2.

Investors that are specified financial institutions and who alone, or together with non-arm's length persons, will receive or be deemed to receive dividends in respect of more than 10% of the issued and outstanding Class A Preferred Shares Series 2 should consult their own tax advisors about whether the Class A Preferred Shares Series 2 will be considered to be term preferred shares.

A "private corporation" (as defined in the Act), or any other corporation controlled whether by reason of a beneficial interest in one or more trusts or otherwise by or for the benefit of an individual or a related group of individuals, will generally be liable to pay a refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Class A Preferred Shares Series 2 to the extent such dividends are deductible in computing its taxable income.

### **Dispositions**

An investor who disposes of or is deemed to dispose of Class A Preferred Shares Series 2 (either on redemption of the shares for cash or otherwise, but not on conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that investor. The amount of any deemed dividend arising on the redemption or purchase for cancellation by SLF of Class A Preferred Shares Series 2 will not be included in computing the proceeds of disposition to any shareholder for purposes of computing the capital gain or capital loss arising on the disposition of the Class A Preferred Shares Series 2. See "Redemption" below.

Generally, one-half of any such capital gain will be included in computing the investor's income as a taxable capital gain and one-half of any such capital loss may be deducted from the investor's taxable capital gains in accordance with the rules contained in the Act. Capital gains realized by an individual may give rise to a liability for minimum tax. Any such capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares.

Certain corporations may be liable to pay an additional refundable tax in respect of taxable capital gains.

### **Redemption**

If SLF redeems Class A Preferred Shares Series 2 for cash or otherwise acquires Class A Preferred Shares Series 2 other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the investor will be deemed to have received a dividend equal to the amount, if any, paid by SLF in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "Dispositions" above. In the case of a corporate investor, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

### **Conversion**

The conversion of the Class A Preferred Shares Series 2 into New Preferred Shares will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to an investor of New Preferred Shares received on the conversion will be deemed to be equal to the investor's adjusted cost base of the Class A Preferred Shares Series 2 immediately before the conversion.

### **Ratings**

The Class A Preferred Shares Series 2 are provisionally rated "Pfd-1 (low) n" by Dominion Bond Rating Service Limited ("DBRS"). "Pfd-1" is in the highest category available from DBRS for preferred shares. A reference to "high" or "low" reflects the relative strength within the rating category. The reference to "n" signifies that the preferred shares are non-cumulative.

The Class A Preferred Shares Series 2 are provisionally rated "P-1 (low)" by Standard & Poor's ("S&P") using the S&P Canadian scale for preferred shares and "A-" using S&P's global scale for preferred shares. The "P-1" rating is in the highest of the five categories used by S&P on its Canadian preferred share scale. A reference to "high" or "low" reflects the relative strength within the rating category. The "A-" rating is in the highest range used by S&P on its global scale.

Prospective purchasers of Class A Preferred Shares Series 2 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings. The foregoing ratings should not be construed as recommendations to buy, sell or hold Class A Preferred Shares Series 2. Ratings may be revised or withdrawn at any time by the respective rating organizations.

### **Consolidated Capitalization**

Certain selected interim financial data set forth below has been derived from SLF's interim consolidated financial results for the three months ended March 31, 2005. The following table shows the share capital and consolidated indebtedness of SLF as at the date shown:

	<b>March 31, 2005</b>
	(\$ millions)
Subordinated Debt .....	\$ 1,465
Cumulative Capital Securities .....	732
Sun Life Exchangeable Capital Securities (SLEECS) .....	1,150
Preferred Shares before current offering .....	545
Participating Policy Holder Account .....	81
Shareholder Equity .....	14,550
<b>Total Capital .....</b>	<b>\$18,523</b>

### **Earnings Coverage**

SLF's pro forma dividend requirements on its outstanding Class A Shares, after giving effect to the issue of the Class A Preferred Shares Series 2 to be distributed under this prospectus, and adjusted to a before-tax equivalent using an effective income tax rate of 14.2% and 12.9%, respectively, amounted to \$40,300,000 for the 12 months ended December 31, 2004 and \$39,700,000 for the 12 months ended March 31, 2005. SLF's interest requirements for the 12 months ended December 31, 2004 amounted to \$265,000,000, and for the 12 months ended March 31, 2005 amounted to \$264,000,000. SLF's earnings before interest and income tax for the 12 months ended December 31, 2004 were \$2,262,000,000, which is 7.4 times SLF's aggregate dividend and interest requirements for this period, and \$2,345,000,000 for the 12 months ended March 31, 2005, which is 7.7 times SLF's aggregate dividend and interest requirements for this period.

### **Plan of Distribution**

Pursuant to an underwriting agreement dated June 28, 2005 (the "Underwriting Agreement") between SLF and the Underwriters, SLF has agreed to sell and the Underwriters have severally agreed to purchase on July 15, 2005, or such date as may be agreed upon, but not later than July 28, 2005, subject to the terms and conditions stated therein, all but not less than all of the Class A Preferred Shares Series 2 at a price of \$25.00 per share, payable in cash to SLF against delivery of such Class A Preferred Shares Series 2. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 with respect to the Class A Preferred Shares Series 2 sold to certain institutions and \$0.75 with respect to all other Class A Preferred Shares Series 2 sold.

The Underwriters exercised their option previously granted to them by SLF to purchase an additional 1,000,000 Class A Preferred Shares Series 2.

The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Class A Preferred Shares Series 2 if any are purchased under the Underwriting Agreement.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des Marchés Financiers (Québec), the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Class A Preferred Shares Series 2. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution. In connection with this offering and subject to the foregoing and to applicable law, the Underwriters may over-allot or effect transactions which

stabilize or maintain the market price of the Class A Preferred Shares Series 2 at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The decision to distribute the Class A Preferred Shares Series 2 and the determination of the terms of this offering were made through negotiations between SLF and the Underwriters.

### **Use of Proceeds**

The net proceeds to SLF from the sale of the Class A Preferred Shares Series 2, after deducting estimated expenses of the issue and the Underwriters' fee (assuming no Class A Preferred Shares Series 2 are sold to certain institutions), will amount to \$314,850,000. The proceeds will be added to SLF's general funds and will be used for general business purposes. The purpose of this issue is to enlarge SLF's Tier 1 capital base.

### **Transfer Agent and Registrar**

CIBC Mellon Trust Company, at its principal office in Toronto, will be the transfer agent and registrar for the Class A Preferred Shares Series 2.

### **Risk Factors**

An investment in Class A Preferred Shares Series 2 of SLF is subject to certain risks. Investors should carefully consider the following risks in conjunction with the other information in this prospectus and the documents incorporated by reference in this prospectus, in particular the section entitled "Risk Factors" in the renewal annual information form of the Company dated February 14, 2005, before purchasing Class A Preferred Shares Series 2.

SLF and Sun Life Assurance have covenanted that, if a distribution is not paid when due on any outstanding Sun Life Exchangeable Capital Securities (the "SLEECS") issued by Sun Life Capital Trust, a subsidiary of Sun Life Assurance, Sun Life Assurance will not pay dividends on its "Public Preferred Shares", if any are outstanding, and if no Public Preferred Shares are outstanding, SLF will not pay dividends on its preferred shares, which would include the Class A Preferred Shares Series 1 and Class A Preferred Shares Series 2, or its Common Shares, in each case, until the 12th month following the failure to pay the required distribution in full, unless the required distribution is paid to the holders of SLEECS. "Public Preferred Shares" means preferred shares issued by Sun Life Assurance which: (a) have been issued to the public (excluding any preferred shares held beneficially by affiliates of Sun Life Assurance); (b) are listed on a recognized stock exchange; and (c) have an aggregate liquidation entitlement of at least \$200 million. None of Sun Life Assurance's issued shares currently qualify as "Public Preferred Shares".

The value of Class A Preferred Shares Series 2 will be affected by the general creditworthiness of SLF. The Company's management's discussion and analysis for the year ended December 31, 2004, and the interim management's discussion and analysis for the three months ended March 31, 2005, are incorporated by reference in this prospectus. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on SLF's business, financial condition or results of operations. See also the discussion under "Earnings Coverage" which is relevant to an assessment of the risk that SLF will be unable to pay dividends on the Class A Preferred Shares Series 2.

Real or anticipated changes in credit ratings on the Class A Preferred Shares Series 2 may affect the market value of the Class A Preferred Shares Series 2. In addition, real or anticipated changes in credit ratings can affect the cost at which SLF can transact or obtain funding, and thereby affect SLF's liquidity, business, financial condition or results of operations.

The Class A Preferred Shares Series 2 are equity capital of SLF which rank equally with other Class A Shares of SLF in the event of an insolvency or winding-up of SLF. If SLF becomes insolvent or is wound-up, SLF's assets must be used to pay policyholders or creditors before payments may be made on Class A Preferred Shares Series 2 and other preferred shares.

Prevailing yields on similar securities will affect the market value of Class A Preferred Shares Series 2. Assuming all other factors remain unchanged, the market value of the Class A Preferred Shares Series 2 will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

The Class A Preferred Shares Series 2 are non-cumulative and dividends are payable at the discretion of the Board of Directors of SLF. See “Details of the Offering” and “Earnings Coverage Ratios”, which are relevant to an assessment of the risk that SLF will be unable to pay dividends on the Class A Preferred Shares Series 2.

The redemption and conversion of the Class A Preferred Shares Series 2 is subject to the consent of the Superintendent and other restrictions contained in the Insurance Act. See the section entitled “Regulatory Matters — Restrictions on Ownership” in the renewal annual information form of SLF dated February 14, 2005.

Stock market volatility may affect the market price of the Class A Preferred Shares Series 2 for reasons unrelated to SLF’s performance.

There can be no assurance that an active trading market will develop for the Class A Preferred Shares Series 2 after the offering, or if developed, that such a market will be sustained at the offering price of the Class A Preferred Shares Series 2.

### **Legal Matters**

The matters referred to under “Canadian Federal Income Tax Considerations” and certain other legal matters relating to this offering will be passed upon by Torys LLP on behalf of SLF and McCarthy Tétrault LLP on behalf of the Underwriters.

As at July 8, 2005, the partners and associates of each of Torys LLP and McCarthy Tétrault LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of SLF or of any associate or affiliate of SLF.

### **Statutory Rights of Withdrawal and Rescission**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

**Certificate of Sun Life Financial Inc.**

Dated: July 8, 2005

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

By: (Signed) “DONALD A. STEWART”  
Chief Executive Officer

By: (Signed) “PAUL W. DERKSEN”  
Executive Vice-President and  
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) “RONALD W. OSBORNE”  
Director

By: (Signed) “JAMES C. BAILLIE”  
Director

**Certificate of the Underwriters**

Dated: July 8, 2005

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

RBC DOMINION SECURITIES INC.

By: (Signed) "BARRY NOWOSELKI"

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

By: (Signed) "A. THOMAS LITTLE"

By: (Signed) "DARIN E. DESCHAMPS"

By: (Signed) "DAVID SKURKA"

CIBC WORLD MARKETS INC.

TD SECURITIES INC.

By: (Signed) "DONALD A. FOX"

By: (Signed) "MICHAEL WOOLHOUSE"

HSBC SECURITIES (CANADA) INC.

MERRILL LYNCH CANADA INC.

By: (Signed) "CATHERINE J. CODE"

By: (Signed) "SUSAN RIMMER"

## **Exhibit**

### **Auditors' Consent**

We have read the short form prospectus of Sun Life Financial Inc. ("SLF") dated July 8, 2005 relating to the offering of \$325,000,000 of Class A Non-Cumulative Preferred Shares Series 2 of SLF. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of SLF on the consolidated balance sheets and the separate consolidated statements of segregated funds net assets as at December 31, 2004 and 2003, and the consolidated statements of operations, equity, cash flows and changes in segregated funds net assets for each of the years in the two-year period ended December 31, 2004. Our report is dated February 14, 2005.

(Signed) "DELOITTE & TOUCHE LLP"  
Toronto, Canada  
July 8, 2005



