

This prospectus supplement, together with the short form base shelf prospectus to which it relates dated November 4, 2005, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The 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.

Information has been incorporated by reference in this prospectus supplement 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) 979-4080, and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this prospectus supplement 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 Sun Life Financial Inc. at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus Dated November 4, 2005

New Issue

October 2, 2006



SUN LIFE FINANCIAL INC.

\$300,000,000

12,000,000 Class A Non-Cumulative Preferred Shares Series 4

The holders of Class A Non-Cumulative Preferred Shares Series 4 (the "**Class A Preferred Shares Series 4**") 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 \$0.278125 per Class A Preferred Share Series 4. The initial dividend, if declared, will be payable on December 31, 2006 and will be approximately \$0.25 per Class A Preferred Share Series 4, based on an anticipated closing date of October 10, 2006. 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 December 31, 2011, SLF may redeem the Class A Preferred Shares Series 4 in whole or in part by the payment in cash of an amount equal to \$25.00 per share plus, if redeemed before December 31, 2015 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 4. Listing is subject to SLF fulfilling all of the listing requirements of the TSX on or before December 22, 2006.

SLF's corporate office is located at Sun Life Financial Tower, 150 King Street West, Toronto, Ontario, M5H 1J9.

Price: \$25.00 per Class A Preferred Share Series 4 to yield 4.45%

	<u>Price to Public</u>	<u>Underwriters' Fee ⁽¹⁾</u>	<u>Net Proceeds to SLF⁽²⁾</u>
Per Class A Preferred Share Series 4	\$25.00	\$0.75	\$24.25
Total.....	\$300,000,000	\$7,500,000	\$292,500,000

(1) The Underwriters' fee is \$0.25 for each Class A Preferred Share Series 4 sold to certain institutions and \$0.75 for all other Class A Preferred Shares Series 4 which are sold. The totals set forth in the table represent the Underwriters' fee and net proceeds assuming no Class A Preferred Shares Series 4 are sold to institutions.

(2) Before deduction of expenses of this issue payable by SLF estimated at \$200,000.

RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc. (collectively, the “**Underwriters**”), as principals, conditionally offer the Class A Preferred Shares Series 4, subject to prior sale if, as and when issued by SLF and accepted by the Underwriters in accordance with the terms and conditions of 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.

SLF has been advised by the Underwriters that, in connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Class A Preferred Shares Series 4 at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer Class A Preferred Shares Series 4 at a price lower than the offering price of \$25.00.** See “Plan of Distribution”.

Subscriptions for the Class A Preferred Shares Series 4 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 of this offering will take place on October 10, 2006 or on such other date as SLF and the Underwriters may agree but not later than October 17, 2006. Class A Preferred Shares Series 4 will be available for delivery in book-entry form only through the facilities of The Canadian Depository for Securities Limited or a successor (“**CDS**”), on or about closing. Purchasers of Class A Preferred Shares Series 4 will not have the right to receive physical certificates evidencing their ownership of Class A Preferred Shares Series 4. See “Depository Services”.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this prospectus supplement, 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 Company's future results and stockholder value may differ materially from those expressed in these forward-looking statements due to, among other factors, 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 supplement or to reflect the occurrence of unanticipated events, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference in the short form base shelf prospectus of SLF dated November 4, 2005 (the “**Short Form Prospectus**”), solely for the purpose of this offering.

The following documents, filed by SLF with the securities commissions or similar authorities in each province and territory of Canada, are incorporated by reference into the Short Form Prospectus and this prospectus supplement:

- (a) the renewal annual information form dated February 13, 2006;
- (b) the audited consolidated financial statements as at December 31, 2005 and 2004 and for each of the years in the two year period ended December 31, 2005, together with the auditors’ report thereon and management’s discussion and analysis thereon;
- (c) the management information circular dated March 21, 2006;
- (d) the unaudited interim consolidated financial statements and the management’s discussion and analysis for the six months ended June 30, 2006 and 2005;
- (e) the material change report dated April 27, 2006 announcing the retirement of Paul W. Derksen, Executive Vice-President and Chief Financial Officer in early 2007;
- (f) the material change report dated August 9, 2006 announcing the resignation of C. James Prieur, President and Chief Operating Officer effective September 6, 2006; and
- (g) the material change report dated August 23, 2006 announcing the appointments of Richard P. McKenney as Executive Vice-President, Stephan Rajotte as President, Sun Life Financial Asia, and Dean Conner as Executive Vice-President.

Any statement contained in this prospectus supplement, in the Short Form Prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or in the Short Form Prospectus for the purpose of this offering is deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained in this prospectus supplement or in the Short Form Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus supplement or in the Short Form Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set forth in the document that it modifies or supersedes. The making of a modified or superseded 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 supplement.

Information has been incorporated by reference in this prospectus supplement 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) 979-4080, and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this prospectus supplement 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 and is also available electronically at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Underwriters, as long as a class of shares of SLF are listed on a prescribed stock exchange, the Class A Preferred Shares Series 4 would, if issued on the date hereof, be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”) for a trust governed by a registered retirement savings plan, a registered retirement income fund, registered education savings plan or a deferred profit sharing plan.

DETAILS OF THE OFFERING

The following is a summary of certain provisions of the Class A Preferred Shares Series 4.

Issue Price

The Class A Preferred Shares Series 4 will have an issue price of \$25.00 per share.

Dividends

The holders of Class A Preferred Shares Series 4 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 \$0.278125 per share. The first such dividend, if declared, will be paid on December 31, 2006 and, assuming a closing date of October 10, 2006, will amount to approximately \$0.25 per share.

The Board of Directors of SLF may not declare or pay any dividends on the Class A Preferred Shares Series 4 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 Company of Canada (“**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 4 on or before the dividend payment date for a particular quarter, then the right of the holders of the Class A Preferred Shares Series 4 to such dividend or part thereof for such quarter will be extinguished.

The terms of the Class A Preferred Shares Series 4 require SLF to make the necessary election under Part VI.1 of the Tax Act so that corporate investors will not be subject to tax under Part IV.1 of the Tax Act on dividends paid (or deemed to be paid) by SLF on such shares. See “Canadian Federal Income Tax Considerations - Dividends.”

Redemption

Class A Preferred Shares Series 4 will not be redeemable by SLF prior to December 31, 2011. On and after December 31, 2011, 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 4, 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 December 31, 2011, \$25.75 if redeemed during the 12 months commencing December 31, 2012, \$25.50 if redeemed during the 12 months commencing December 31, 2013, \$25.25 if redeemed during the 12 months commencing December 31, 2014, and \$25.00 if redeemed commencing December 31, 2015 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 4 is at any time to be redeemed, the Class A Preferred Shares Series 4 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.

All redemptions of the Class A Preferred Shares Series 4 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 may, at any time by resolution of the Board of Directors of SLF, 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 may, with any necessary prior consent of the Superintendent, give registered holders of the Class A Preferred Shares Series 4 notice that they have the right, pursuant to the terms of the Class A Preferred Shares Series 4, at their option, to convert their Class A Preferred Shares Series 4 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 Tax 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 Shares Series 4 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 4 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 4. The holders of the Class A Preferred Shares Series 4 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 4 are outstanding, SLF will not, without the approval of the holders of the Class A Preferred Shares Series 4:

- (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 4 (other than stock dividends in any shares ranking junior to the Class A Preferred Shares Series 4);
- (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 4 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preferred Shares Series 4);
- (c) redeem, purchase or otherwise retire less than all the Class A Preferred Shares Series 4; 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 4;

unless, in each case, all dividends on the Class A Preferred Shares Series 4 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 4 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 4 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 4 or shares of any other class or series without the approval of the holders of the Class A Preferred Shares Series 4. The Class A Preferred Shares Series 4 rank equally with the Class A Non-Cumulative Preferred Shares Series 1, the Class A Non-Cumulative Preferred Shares Series 2 and the Class A Non-Cumulative Preferred Shares Series 3.

Amendments to the Class A Preferred Shares Series 4

SLF will not without, but may from time to time with, the approval of the holders of the Class A Preferred Shares Series 4 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 4. 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 4 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 4 as a series may be given in writing by the holders of all of the outstanding Class A Preferred Shares Series 4 or by a resolution passed by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of the Class A Preferred Shares Series 4 at which a quorum of the outstanding Class A Preferred Shares Series 4 is represented. For this purpose, a quorum at any meeting of the holders of Class A Preferred Shares Series 4 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 4 as a series, each such holder will be entitled to one vote in respect of each Class A Preferred Share Series 4 held.

Voting Rights

Subject to the provisions of the Insurance Act, the holders of the Class A Preferred Shares Series 4 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 4 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 4 will forthwith cease upon payment by SLF of the first quarterly dividend on the Class A Preferred Shares Series 4 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 4 have again become extinguished, such voting rights will become effective again and so on from time to time.

Replacement Securities

It is SLF's current intention to amend the terms of an outstanding series of its long-term indebtedness to impose a restriction on its ability to redeem or repurchase any of its preferred shares (which will be defined to include any class or series of preferred shares of SLF so designated by SLF and is expected to include the Class A Preferred Shares Series 4), except to the extent that the redemption or repurchase price of such preferred shares is equal to or less than the proceeds

received from new issuances of certain specified replacement securities, including (i) common shares of SLF, (ii) any securities of SLF that: (A) on liquidation or dissolution of SLF, rank *pari passu* with or junior to the redeemed or repurchased preferred shares; (B) are perpetual, with no prepayment obligation on the part of SLF; and (C) the dividends or other distributions of which are non-cumulative, or (iii) any other securities that qualify as Tier 1 capital of SLF. In order to qualify as a replacement security, the proceeds from such issuance would have to have been received by SLF within the six months prior to the giving of notice of redemption or the date of repurchase of such preferred shares. This covenant will be for the benefit of the holders of such specified series of SLF's long-term indebtedness and will not be part of the share conditions of the Class A Preferred Shares Series 4.

DEPOSITORY SERVICES

Except as otherwise provided below, the Class A Preferred Shares Series 4 will be issued in "book-entry only" form and must be purchased or transferred through CDS participants (the "**Participants**") in the depository service of 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 4 to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of a Class A Preferred Shares Series 4 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 that purchaser. Each purchaser of Class A Preferred Shares Series 4 will receive a customer confirmation of purchase from the registered dealer from which such shares are purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Class A Preferred Shares Series 4. Physical certificates evidencing the Class A Preferred Shares Series 4 will not be issued to purchasers, and registration will be made in the depository service of CDS.

Class A Preferred Shares Series 4 will be issued in fully registered form to holders or their nominees other than CDS or its nominee if (i) SLF determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and SLF is unable to locate a qualified successor, (ii) SLF at its option elects, or is required by law, to terminate the book-entry system through CDS, or (iii) the book-entry system ceases to exist.

Neither SLF nor the Underwriters assume any liability for any action or omission on the part of CDS and/or the Participants in relation to the book-entry system, including (i) any aspect of the records relating to the beneficial ownership of the Class A Preferred Shares Series 4 held by CDS or the payments relating thereto, (ii) maintaining, supervising or reviewing any records relating to the Class A Preferred Shares Series 4 or (iii) any advice or representation made by or with respect to CDS and contained in the Short Form Prospectus and this prospectus supplement 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 4 must look solely to Participants for payments made by or on behalf of SLF to CDS.

As indirect holders of Class A Preferred Shares Series 4, investors should be aware that (subject to certain exceptions) they (i) may not have Class A Preferred Shares Series 4 registered in their name, (ii) may not have physical certificates representing their interest in the Class A Preferred Shares Series 4, (iii) may not be able to sell the Class A Preferred Shares Series 4 to institutions required by law to hold physical certificates for securities that they own and (iv) may be unable to pledge Class A Preferred Shares Series 4 as security.

Manner of Effecting Transfer, Redemption or Conversion

A transfer, redemption or conversion of Class A Preferred Shares Series 4 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 4 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 4, may do so only through Participants.

The ability of a purchaser to pledge Class A Preferred Shares Series 4 and otherwise take action with respect to such purchaser's interest in Class A Preferred Shares Series 4 (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 4 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 4. As long as CDS or its nominee is the registered holder of the Class A Preferred Shares Series 4, CDS or its nominee, as the case may be, will be considered the sole owner of the Class A Preferred Shares Series 4 for the purposes of receiving payments on such shares.

SLF expects that CDS or its nominee, upon the date of receipt of any payment in respect of the Class A Preferred Shares Series 4 will credit the Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Class A Preferred Shares Series 4 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 4 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 4 issued in book-entry form is limited to making payment of any amount due on such shares to CDS or its nominee.

Notices

Any notice required to be given to any persons, other than Participants, having an interest in the Class A Preferred Shares Series 4 will be given to CDS.

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 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.

USE OF PROCEEDS

The net proceeds to SLF from the sale of the Class A Preferred Shares Series 4, after deducting estimated expenses of the issue and the Underwriters' fee (assuming no Class A Preferred Shares Series 4 are sold to certain institutions), will amount to \$292,300,000. The proceeds will be added to SLF's general funds and will be used for general business purposes, including for use within the SLF group of companies and for investment. The purpose of this issue is to enlarge SLF's Tier 1 capital base.

RATINGS

The Class A Preferred Shares Series 4 is provisionally rated "Pfd-1 (low) n", with a stable trend, 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 4 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 4 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 4. Ratings may be revised or withdrawn at any time by the respective rating organizations.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated October 2, 2006 (the "Underwriting Agreement") between SLF and the Underwriters, SLF has agreed to sell and the Underwriters have severally agreed to purchase on, October 10, 2006, or such date as may be agreed upon, but not later than October 17, 2006, subject to the terms and conditions stated therein, all but not less than all of the Class A Preferred Shares Series 4 at a price of \$25.00 per share, payable in cash to SLF against delivery of such shares. 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 4 sold to certain institutions and \$0.75 with respect to all other Class A Preferred Shares Series 4 sold.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion 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 4 if any are purchased under the Underwriting Agreement.

The Underwriters propose to offer the Class A Preferred Shares Series 4 initially at the offering price of \$25.00. After the Underwriters have made a reasonable effort to sell all of the Class A Preferred Shares Series 4 at that price, the offering price may be decreased and may be further changed from time to time to an amount not greater than \$25.00, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Class A Preferred Shares Series 4 is less than the price paid by the Underwriters to SLF.

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 supplement, bid for or purchase Class A Preferred Shares Series 4. 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 4 at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Class A Preferred Shares Series 4. Listing is subject to SLF fulfilling all of the listing requirements of the TSX on or before December 22, 2006.

The decision to distribute the Class A Preferred Shares Series 4 and the determination of the terms of this offering were made through negotiations between SLF and the Underwriters.

CONSOLIDATED CAPITAL AND INDEBTEDNESS

Certain selected interim financial data set forth below has been derived from SLF's interim consolidated financial results for the six months ended June 30, 2006. The following table shows the share capital and consolidated indebtedness of SLF as at that date.

	<u>June 30, 2006</u> (\$ millions)	<u>June 30, 2006</u> <u>as adjusted</u> ⁽¹⁾ (\$ millions)
Senior Unsecured Debt	1,300	1,600
Subordinated Debt.....	1,447	1,447
Cumulative Capital Securities.....	670	670
Sun Life Assurance Debentures ⁽²⁾	1,193	1,193
Preferred Shares.....	957	957
Class A Preferred Shares Series 4 (this offering)	--	300
Participating Policy Holder Account	86	86
Shareholders' Equity.....	14,813	14,813
<u>Total Share Capital and Indebtedness.....</u>	<u>\$20,466</u>	<u>\$21,066</u>

Notes:

⁽¹⁾ As adjusted for the (i) Class A Preferred Shares Series 4 and (ii) proceeds to SLF from the issuance by it on July 11, 2006 of \$300,000,000 principal amount of Series C Senior Unsecured 5.00% Fixed/Floating Debentures due 2031.

⁽²⁾ The Sun Life Assurance Debentures were issued in connection with the issuance by Sun Life Capital Trust in 2001 and 2002 of Sun Life Exchangeable Capital Securities ("SLECS").

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 4 to be distributed under this prospectus supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 21.9% and 17.1%, respectively, amounted to \$75,600,000 for the 12 months ended December 31, 2005 and \$71,300,000 for the 12 months ended June 30, 2006. SLF's interest requirements for the 12 months ended December 31, 2005 amounted to \$348,500,000 and for the 12 months ended June 30, 2006 amounted to \$341,800,000. SLF's earnings before interest and income tax for the 12 months ended December 31, 2005 were \$2,703,000,000, which is 6.4 times SLF's aggregate dividend and interest requirements for this period, and for the 12 months ended June 30, 2006 were \$2,678,000,000 which is 6.5 times SLF's aggregate dividend and interest requirements for this period.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Class A Preferred Shares Series 4 who acquires such shares pursuant to this prospectus supplement (a "**Holder**") and who, at all relevant times, for purposes of the Tax Act, is resident in Canada, holds the Class A Preferred Shares Series 4 as capital property, deals with SLF at arm's length and is not affiliated with SLF. Generally, the Class A Preferred Shares Series 4 will be considered capital property to a Holder provided that the Holder does not hold the Class A Preferred Shares Series 4 in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada whose Class A Preferred Shares Series 4 might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making an irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules) or a Holder an interest in which is a "tax shelter investment" (as defined in the Tax Act). Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in the Short Form Prospectus and this prospectus supplement, the current provisions of the Tax Act and the Regulations in force at the date of this prospectus supplement, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current administrative practices published in writing by the Canada Revenue Agency (the "CRA"). There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

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 Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Class A Preferred Shares Series 4, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends) received on the Class A Preferred Shares Series 4 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. Draft legislation released by the Minister of Finance (Canada) on June 29, 2006 proposes to enhance the gross-up and dividend tax credit for eligible dividends received after 2005 from taxable Canadian corporations such as SLF. Eligible dividends will generally include dividends paid after 2005 by taxable Canadian corporations, where those dividends have been designated as eligible dividends by the dividend-paying corporation.

The Class A Preferred Shares Series 4 will be "taxable preferred shares" (as defined in the Tax Act). The terms of the Class A Preferred Shares Series 4 require SLF to make the necessary election under Part VI.1 of the Tax Act so that Holders that are corporations will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) by such Holder on the Class A Preferred Shares Series 4.

Dividends (including deemed dividends) on the Class A Preferred Shares Series 4 received by a corporation other than a "specified financial institution" (as defined in the Tax Act) will be included in computing the corporation's income and will normally 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 4 are not "term preferred shares" (as defined in the Tax 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 4 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 Tax 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 4.

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 4 should consult their own tax advisors about whether such shares will be considered to be term preferred shares.

A "private corporation" (as defined in the Tax 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 (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Class A Preferred Shares Series 4 to the extent such dividends are deductible in computing its taxable income.

Dispositions

A Holder who disposes of or is deemed to dispose of Class A Preferred Shares Series 4 (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 the Holder. The amount of any deemed dividend arising on the redemption or purchase for cancellation by SLF of Class A Preferred Shares Series 4 will not be included in computing the Holder's 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 4. See "Redemption" below.

Generally, one-half of any such capital gain will be included in computing the Holder's income as a taxable capital gain and one-half of any such capital loss may be deducted from the Holder's taxable capital gains in accordance with the rules contained in the Tax 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.

A "Canadian-controlled private corporation" as defined in the Tax Act may be subject to an additional refundable tax of 6 $\frac{2}{3}$ % on investment income, including taxable capital gains.

Redemption

If SLF redeems Class A Preferred Shares Series 4 for cash or otherwise acquires Class A Preferred Shares Series 4 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 Holder 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. Generally, 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 Holder that is a corporation, 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 4 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 a Holder of New Preferred Shares received on the conversion will be deemed to be equal to the Holder's adjusted cost base of the Class A Preferred Shares Series 4 immediately before the conversion.

RISK FACTORS

There are risks associated with an investment in the Class A Preferred Shares Series 4. In addition to the risks described in this prospectus supplement, reference is made to the section entitled "Risk Factors" in SLF's renewal annual information form dated, February 13, 2006, which is incorporated by reference in this prospectus supplement.

SLF and Sun Life Assurance have covenanted that, if a distribution is not paid when due on any outstanding 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 Non-Cumulative Preferred Shares Series 1, Class A Non-Cumulative Preferred Shares Series 2, Class A Non-Cumulative Preferred Shares Series 3 and Class A Preferred Shares Series 4, 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 4 will be affected by the general creditworthiness of SLF. The Company's management's discussion and analysis for the year ended December 31, 2005, and the management's discussion and analysis for the six months ended June 30, 2006, are incorporated by reference in this prospectus supplement. 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 4.

Real or anticipated changes in credit ratings on the Class A Preferred Shares Series 4 may affect the market value of such shares. 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 4 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 4 and other preferred shares.

Prevailing yields on similar securities will affect the market value of Class A Preferred Shares Series 4. Assuming all other factors remain unchanged, the market value of the Class A Preferred Shares Series 4 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 4 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", which are relevant to an assessment of the risk that SLF will be unable to pay dividends on the Class A Preferred Shares Series 4.

The redemption and conversion of the Class A Preferred Shares Series 4 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 13, 2006.

Stock market volatility may affect the market price of the Class A Preferred Shares Series 4 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 4 after the offering, or if developed, that such a market will be sustained at the offering price of the Class A Preferred Shares Series 4.

AUDITOR

The auditor of SLF is Deloitte & Touche LLP, Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company, at its principal office in Toronto, Ontario will be the transfer agent and registrar for the Class A Preferred Shares Series 4.

LEGAL MATTERS

Legal matters in connection with the issuance of the Class A Preferred Shares Series 4 will be passed upon by Torys LLP on behalf of SLF and by McCarthy Tétrault LLP on behalf of the Underwriters.

As of the date of this prospectus supplement, the partners and associates of Torys LLP, as a group, and McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of SLF.

PURCHASERS' 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.

AUDITORS' CONSENT

We have read the prospectus supplement of Sun Life Financial Inc. ("SLF"), dated October 2, 2006, to a short form base shelf prospectus dated November 4, 2005, relating to the offering of \$300,000,000 of Class A Non-Cumulative Preferred Shares Series 4 of SLF (collectively, the "**Prospectus**"). 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 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, 2005 and 2004; 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, 2005. Our report is dated February 13, 2006.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Toronto, Canada
October 2, 2006

CERTIFICATE OF THE UNDERWRITERS

Dated: October 2, 2006

To the best of our knowledge, information and belief, the short form base shelf prospectus of SLF dated November 4, 2005, together with the documents incorporated in the short form base shelf prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the short form base shelf prospectus and this supplement as required by the securities laws of all the provinces and territories of Canada. For the purpose of the Province of Québec, to our knowledge, the short form base shelf prospectus, together with the documents incorporated in the short form base shelf prospectus by reference, as supplemented by the foregoing and 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 Nowoselski

BMO Nesbitt Burns Inc.
By: (Signed) Bradley J. Hardie

CIBC World Markets Inc.
By: (Signed) Donald A. Fox

National Bank Financial Inc.
By: (Signed) Darin E. Deschamps

Scotia Capital Inc.
By: (Signed) David Skurka

TD Securities Inc.
By: (Signed) Jonathan Broer