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Short Form Prospectus

Initial Public Offering

November 17, 2009



Sun Life Assurance Company of Canada

Sun Life Capital Trust II

(a trust established under the laws of Ontario)

\$500,000,000

**5.863% Sun Life Exchangeable Capital Securities - Series 2009-1 due December 31, 2108
(SLEECs)**

Sun Life Capital Trust II (the "Trust") is a trust established under the laws of Ontario by Computershare Trust Company of Canada (the "Trustee") pursuant to a declaration of trust dated as of November 6, 2009 (as amended and restated from time to time, the "Declaration of Trust"). The Trust proposes to issue and sell to investors pursuant to this prospectus (the "Offering") \$500,000,000 principal amount of 5.863% Sun Life Exchangeable Capital Securities - Series 2009-1 due December 31, 2108, representing a series of subordinated unsecured debt obligations of the Trust (the "SLEECs"). The Trust's objective is to acquire and hold the Trust Assets, initially comprised primarily of one senior debenture (the "SLA Debenture") issued by Sun Life Assurance Company of Canada ("SLA"), in order to generate income for payment of the principal, interest, redemption price, if any, and any other amounts in respect of the Trust's debt securities, including the SLEECs. The Offering will provide SLA with a cost-effective means of raising capital for Canadian insurance regulatory purposes. The Trust will also issue voting trust units (the "Voting Trust Units" and, collectively with the SLEECs, the "Trust Securities") to SLA. SLA will at all times own all of the Voting Trust Units. See "Description of the Trust Securities". **The Trust may, at any time and from time to time, issue additional Voting Trust Units or subordinated debentures of any series without the authorization of holders of SLEECs. See "Description of the Trust Securities — SLEECs — Issue of Additional Trust Securities".**

The SLEECs will be issued only in denominations of \$1,000 and integral multiples thereof.

From the Closing Date until December 31, 2108 the Trust will pay interest on the SLEECs in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010, subject to any applicable withholding tax.

From the Closing Date to but excluding December 31, 2019, the interest rate on the SLEECs will be fixed at 5.863% per annum. Assuming the SLEECs are issued on November 20, 2009, the first interest payment on the SLEECs on June 30, 2010 will be approximately \$35.901 per \$1,000 principal amount of SLEECs. Each interest payment on the SLEECs after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$29.315 per \$1,000 principal amount of SLEECs. Starting on December 31, 2019, and on every 5th anniversary of such date thereafter until December 31, 2104 (each such date, an “Interest Reset Date”), the interest rate on the SLEECs will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.40%. The SLEECs will mature on December 31, 2108.

Holders of SLEECs may, in certain circumstances, be required to invest interest paid on the SLEECs in a new series of Class A non-cumulative preferred shares of SLA (each such series is referred to as “SLA Deferral Preferred Shares”). See “Description of the Trust Securities — SLEECs — Deferral Right”.

The SLA Debenture will be dated the Closing Date and will mature on December 31, 2108. From the Closing Date until December 31, 2108, SLA will pay interest on the SLA Debenture in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010. From the Closing Date to but excluding December 31, 2019, the interest rate on the SLA Debenture will be fixed at 6.063% per annum. Assuming the SLA Debenture is issued on November 20, 2009, the first interest payment on the SLA Debenture on June 30, 2010 will be approximately \$37.125 per \$1,000 principal amount of the SLA Debenture. Each interest payment on the SLA Debenture after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$30.315 per \$1,000 principal amount of the SLA Debenture. Starting on December 31, 2019, and on every Interest Reset Date thereafter, the interest rate on the SLA Debenture will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.60%. See “Description of the SLA Debenture”.

SLA and its parent, Sun Life Financial Inc. (“SLF”), will covenant for the benefit of holders of SLEECs (the “Dividend Stopper Undertaking”) that, in the event of an Other Deferral Event, SLA will not declare cash dividends on any SLA Public Preferred Shares or, if SLA Public Preferred Shares are not outstanding, SLF will not declare cash dividends on any of its preferred shares (the “SLF Preferred Shares”) or common shares (“SLF Common Shares”) and, together with the SLF Preferred Shares, the “Dividend Restricted Shares”) in each case, until the sixth month (the “Dividend Declaration Resumption Month”) following the relevant Deferral Date. **It is in the interest of SLA and SLF to ensure, to the extent within their control, that the Trust pays the interest on the SLEECs in cash on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — SLEECs — Dividend Stopper Undertaking” and “Risk Factors”.

The SLEECs, including accrued and unpaid interest thereon, will be exchanged automatically (the “Automatic Exchange”), without the consent of the holders thereof, for newly issued Class A Non-Cumulative Preferred Shares Series V of SLA (“SLA Exchange Preferred Shares”), if: (i) an application for a winding-up order in respect of SLA pursuant to the *Winding-Up and Restructuring Act* (Canada) (the “Winding-Up Act”) is filed by the Attorney General of Canada or a winding-up order in respect of SLA pursuant to the Winding-Up Act is granted by a court; (ii) the Superintendent of Financial Institutions (Canada) (the “Superintendent”) advises SLA in writing that the Superintendent has taken control of SLA or its assets pursuant to the *Insurance Companies Act* (Canada) (the “Insurance Act”); (iii) the Superintendent advises SLA in writing that the Superintendent is of the opinion that SLA has a net Tier 1 capital ratio of less than 75% or an MCSR ratio of less than 120%; (iv) the Board of Directors advises the Superintendent in writing that SLA has a net Tier 1 capital ratio of less than 75% or an MCSR ratio of less than 120%; or (v) the Superintendent directs SLA pursuant to the Insurance Act to increase its capital or provide additional liquidity and SLA elects to cause the Automatic Exchange as a consequence of the issuance of such direction or SLA does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). Following the Automatic Exchange, holders of SLEECs immediately prior to the Automatic Exchange will cease to have any claim or entitlement for interest or principal against the Trust. **If the Automatic Exchange were to occur and SLA Exchange Preferred Shares were issued in exchange for SLEECs, the cost-effective nature of the consolidated capital raised by SLA through the issuance of the SLEECs would be lost. Accordingly, it is in the interest of SLA and SLF to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond their control.** See “Description of the Trust Securities — SLEECs — Automatic Exchange” and “Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares”.

On each Interest Payment Date in respect of which a Deferral Event has occurred (each, a “Deferral Date”), holders of the SLEECs will be required to invest interest paid on the SLEECs in a new series of SLA Deferral Preferred Shares. A new series of SLA Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each SLA Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of SLA Deferral Preferred Shares subscribed for on each Deferral Date will be calculated by dividing the amount of the interest payment on the SLEECs on the applicable Deferral Date that has not been paid in cash by the face amount of each SLA Deferral Preferred Share. See “Description of the Trust Securities — SLEECs — Deferral Right”.

On or after December 31, 2014, the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECs, redeem the SLEECs, in whole or in part. The redemption price per \$1,000 principal amount of SLEECs redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of SLEECs redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — SLEECs — Trust Redemption Right”.

Upon the occurrence of a Regulatory Event or a Tax Event, the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECs, redeem all (but not less than all) of the SLEECs at a redemption price per \$1,000 principal amount of SLEECs equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — SLEECs — Redemption on Tax or Regulatory Event”.

It is expected that the Trust Assets will be purchased primarily from SLA and/or its affiliates. SLA will act as Administrative Agent to the Trust. See “The Trust — The Administrative Agent”.

The SLEECs have been structured with the intention of achieving Tier 1 regulatory capital for SLA for purposes of the Capital Guidelines and, as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm regulatory capital treatment for the SLEECs. On each Interest Payment Date in respect of which a Deferral Event has occurred, holders of SLEECs will be required to invest interest paid thereon in SLA Deferral Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of SLEECs. See “Description of the Trust Securities — SLEECs — Deferral Right”. In addition, upon the occurrence of a Loss Absorption Event, the SLEECs will be exchanged automatically for newly issued SLA Exchange Preferred Shares. In such event, former holders of the SLEECs would rank as preferred shareholders of SLA in a liquidation of SLA. See “Description of the Trust Securities — SLEECs — Automatic Exchange.”

An investment in SLEECs could be replaced in certain circumstances, without the consent of the holders, by an investment in SLA Exchange Preferred Shares and holders of SLEECs may be required in certain circumstances to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. Investors should therefore carefully consider the disclosure with respect to SLF, SLA, the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares included and incorporated by reference in this prospectus. An investment in SLEECs is subject to certain risks. See “Risk Factors”. The Trust is a newly-formed entity and, accordingly, it is not possible to determine earnings coverage with respect to the SLEECs.

It is not expected that the SLEECs will be listed on any stock exchange. There is no market through which they may be sold and purchasers may not be able to resell them. This may affect pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.

Provided the SLEECs, at the time of their acquisition on closing of the Offering, have an investment grade rating from a prescribed credit rating agency, the SLEECs generally will be qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans. See “Eligibility for Investment”.

The Underwriters, as principals, conditionally offer the SLEECs, subject to prior sale if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” subject to the approval of certain legal matters on behalf of the Trust, SLA and SLF by Torys LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. This prospectus also qualifies for distribution the Automatic Exchange, the Deferral Event Subscription and the Subscription Right.

	Price to the Public	Underwriters’ Fee	Net Proceeds to the Trust⁽¹⁾
Per \$1,000 principal amount of SLEECs	\$1,000	\$10	\$990
Total	\$500,000,000	\$5,000,000	\$495,000,000

(1) The Offering expenses of the Trust, other than the Underwriters’ fee, are estimated to be \$1,000,000 and will be paid by the Trust from the proceeds of issue of the Voting Trust Units and funds borrowed under the Credit Facility. See “The Trust – Liquidity”.

Subscriptions for the SLEECs will be received by the Underwriters 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 date (the “Closing Date”) will be on or about November 20, 2009 or such later date as the Trust, SLA and the Underwriters may agree, but in any event not later than December 11, 2009. The SLEECs will be issued in “book-entry only” form and, accordingly, physical certificates representing SLEECs will not be available except in limited circumstances. See “Description of the Trust Securities — SLEECs — Book-Entry Only Form”.

The Underwriters may reduce the price at which the SLEECs are offered. See “Plan of Distribution”.

The Trust’s head and registered office is located at c/o Sun Life Assurance Company of Canada, 150 King Street West, Toronto, Ontario M5H 1J9.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to SLA and the Trust, and McCarthy Tétrault LLP, counsel to the Underwriters, provided the SLEECs, at the time of their acquisition on closing of the Offering, have an investment grade rating from a prescribed credit rating agency for purposes of the Tax Act (which includes DBRS and S&P), the SLEECs to be issued by the Trust pursuant to this prospectus, if issued on the date of this prospectus, would be, on such date, qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans, other than a trust governed by a deferred profit sharing plan to which contributions are made by the Trust.

The SLEECs, if issued on the date of this prospectus, would not be, on such date, a “prohibited investment” for a trust governed by a tax-free savings account provided the holder of the tax-free savings account deals at arm’s length with the Trust for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in the Trust or in any person or partnership with which the Trust does not deal at arm’s length for purposes of the Tax Act.

Prospective investors should consult and rely on their own tax advisors.

ALTHOUGH HOLDERS OF THE SLEECs MAY BE REQUIRED TO ACQUIRE OR MAY BECOME THE HOLDERS OF SLA PREFERRED SHARES, THE SLEECs DO NOT REPRESENT OBLIGATIONS OF OR INTERESTS IN, AND ARE NOT GUARANTEED OR INSURED BY, SLA, SLF, THE TRUSTEE, THE INDENTURE TRUSTEE OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES (OTHER THAN THE TRUST). THE SLEECs ARE NOT INSURED OR GUARANTEED BY THE CANADA DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus, including those relating to strategies and other statements of or concerning SLF and its subsidiaries (collectively, “Sun Life Financial”) 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 the information concerning possible or assumed future results of operations of Sun Life Financial. These statements represent Sun Life Financial’s expectations, estimates and projections regarding future events and are not historical facts. The forward-looking statements contained or incorporated by reference in this prospectus are stated as of the date hereof, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Future results and shareholder value may differ materially from those expressed in the forward-looking statements contained or incorporated by reference in this prospectus due to, among other factors, the factors detailed in its other filings with Canadian and U.S. securities regulators, including its annual and interim financial statements and the notes thereto, which are available for review at www.sedar.com and www.sec.gov.

Factors that could cause actual results to differ materially from expectations include, but are not limited to, investment losses and defaults and changes to investment valuations; the performance of equity markets; interest rate fluctuations; other market risks including movement in credit spreads; possible sustained economic downturn; risks related to market liquidity; market conditions that adversely affect Sun Life Financial’s capital position or its ability to raise capital; downgrades in financial strength or credit ratings; the impact of mergers and acquisitions; the performance of Sun Life Financial’s investments and investment portfolios managed for clients such as segregated and mutual funds; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism; changes in legislation and regulations including tax laws; regulatory investigations and proceedings and private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries; risks relating to product design and pricing; the availability, cost and effectiveness of reinsurance; the inability to

maintain strong distribution channels and risks relating to market conduct by intermediaries and agents; currency exchange rate fluctuations; the cost, effectiveness and availability of risk-mitigating hedging programs; the creditworthiness of guarantors and counterparties to derivatives; risks relating to operations in Asia including risks relating to joint ventures; the impact of competition; risks relating to financial modelling errors; business continuity risks; failure of information systems and Internet-enabled technology; breaches of computer security and privacy; dependence on third-party relationships including outsourcing arrangements; the ability to attract and retain employees; the impact of adverse results in the closed block of business; the ineffectiveness of risk management policies and procedures and the potential for financial loss related to changes in the environment. Sun Life Financial does not undertake any obligation to update or revise 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

SLF has guaranteed certain obligations of SLA in order to rationalize the securities reporting obligations of SLF and SLA. See “SLF Guarantee”. The guarantees include a subordinated guarantee of SLA’s preferred shares. See “Description of the Share Capital of SLA”. As a result of these guarantees, SLA has received an exemption from securities regulatory authorities in Canada from the requirements to file certain continuous disclosure materials with the Canadian securities regulatory authorities (the “2007 MRRS Decision”). As long as the terms and conditions of the 2007 MRRS Decision are satisfied, SLA is not required to file interim financial statements or annual or interim management’s discussion and analysis. SLA prepares and files annual financial statements prepared in accordance with Canadian generally accepted accounting principles and certain comparative financial information of SLA is filed by SLF on a quarterly basis. SLF makes available to holders of SLA securities on an ongoing basis SLF’s audited annual financial statements and unaudited interim financial statements (including management’s discussion and analysis thereon) and other SLF continuous disclosure materials.

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

- (a) the annual information form of SLF dated February 11, 2009;
- (b) the audited consolidated financial statements of SLF as at December 31, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2008, together with the report of the independent registered chartered accountants thereon and management’s discussion and analysis thereon;
- (c) the unaudited interim consolidated financial statements of SLF as at September 30, 2009 and for the nine-month period then ended, together with management’s discussion and analysis thereon;
- (d) the management information circular of SLF dated March 23, 2009; and
- (e) the audited consolidated financial statements of SLA as at December 31, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2008, together with the report of the independent registered chartered accountants thereon.

Any documents of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports) and business acquisition reports filed by SLF or the Trust with a securities regulatory authority in Canada after the date of this prospectus and prior to the completion or termination of the Offering are deemed to be incorporated by reference in this prospectus.

Any statement contained in this prospectus or contained in a document incorporated or deemed to be incorporated by reference 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 includes 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.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and is qualified in its entirety by and should be read in conjunction with the more detailed information appearing elsewhere in this prospectus. Reference is made to the Glossary for the meaning of certain defined terms.

THE OFFERING

- Issuer:** Sun Life Capital Trust II (the “Trust”), a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.
- Offering:** 5.863% Sun Life Exchangeable Capital Securities - Series 2009-1 due December 31, 2108 of the Trust (the “SLEECS”). The SLEECS will be issued under a trust indenture (the “Trust Indenture”) to be entered into on the Closing Date between the Trust, Sun Life Assurance Company of Canada (“SLA”) and CIBC Mellon Trust Company, as trustee for the holders of SLEECS (the “Indenture Trustee”).
- Principal Amount of Offering:** \$500,000,000
- Issue Price:** \$1,000 per \$1,000 principal amount of SLEECS.
- Issue Date:** On or about November 20, 2009 (the “Closing Date”).
- Maturity Date:** December 31, 2108.
- Specified Denominations:** \$1,000 and integral multiples thereof.
- Ratings:** The SLEECS are provisionally rated A (high) by DBRS Limited (“DBRS”) and P-1 by Standard & Poor’s Rating Services (“S&P”), a division of The McGraw-Hill Companies (Canada) Corporation on its Canadian preferred share rating scale and A+ on its global preferred share rating scale. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. See “Ratings”.
- Use of Proceeds:** The gross proceeds to the Trust from the Offering of \$500,000,000 will be used to acquire the SLA Debenture from SLA. SLA, in turn, intends to use the proceeds from the issue of the SLA Debenture for general corporate purposes, including investment in affiliates. See “Use of Proceeds”. SLA expects that the proceeds from the sale of the SLEECS will qualify as regulatory capital of SLA (assuming the Superintendent approves the inclusion of SLEECS as regulatory capital of SLA).
- Interest:** From the Closing Date until December 31, 2108, the Trust will pay interest on the SLEECS in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010, subject to any applicable withholding tax.
- From the Closing Date to but excluding December 31, 2019, the interest rate on the SLEECS will be fixed at 5.863% per annum. Assuming the SLEECS are issued on November 20, 2009, the first interest payment due on the SLEECS on June 30, 2010 will be approximately \$35.901 per \$1,000 principal amount of SLEECS. Each interest payment on the SLEECS after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$29.315 per \$1,000 principal amount of SLEECS. Starting on December 31, 2019, and on every 5th anniversary of such date thereafter until December 31, 2104 (each such date, an “Interest Reset Date”), the interest rate on the SLEECS will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.40%. The SLEECS will mature on December 31, 2108.

Holders of SLEECs may, in certain circumstances, be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. See “Deferral Right” below.

SLA Debenture:

The SLA Debenture will be dated the Closing Date and will mature on December 31, 2108. From the Closing Date until December 31, 2108, SLA will pay interest on the SLA Debenture in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010. From the Closing Date to but excluding December 31, 2019, the interest rate on the SLA Debenture will be fixed at 6.063% per annum. Assuming the SLA Debenture is issued on November 20, 2009, the first interest payment on the SLA Debenture on June 30, 2010 will be approximately \$37.125 per \$1,000 principal amount of the SLA Debenture. Each interest payment on the SLA Debenture after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$30.315 per \$1,000 principal amount of the SLA Debenture. Starting on December 31, 2019, and on every Interest Reset Date thereafter, the interest rate on the SLA Debenture will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.60%. See “Description of the SLA Debenture”.

The SLA Debenture will be a senior unsecured obligation of SLA that ranks on a parity with all other unsubordinated unsecured indebtedness of SLA other than obligations owed to policyholders and certain other specified claimants as provided in the Winding-Up Act. In addition to the SLA Debenture, the Trust may acquire other Eligible Trust Assets from time to time, including one or more interest bearing debentures from SLA (each, a “Funding Debenture”). The proceeds from the subscription by SLA for Voting Trust Units of \$1,000,000 pursuant to an agreement between SLA and the Trust (the “Subscription Agreement”) will be used by the Trust to pay its expenses of the Offering. To the extent there is a funding shortfall, the Trust will borrow the necessary amount from SLA under the Credit Facility.

Dividend Stopper Undertaking:

Pursuant to the Assignment, Set-Off and Trust Agreement between the Trust, SLA, SLF and the Indenture Trustee (the “Assignment and Set-Off Agreement”), SLA and SLF will covenant for the benefit of holders of SLEECs that, in the event of an Other Deferral Event, in the period commencing on the relevant Deferral Date until the Dividend Declaration Resumption Month: (i) if there are SLA Public Preferred Shares outstanding, SLA will not declare cash dividends on any SLA Public Preferred Shares; or (ii) if there are not SLA Public Preferred Shares outstanding, SLF will not declare cash dividends on any Dividend Restricted Shares and (iii) in cases where clause (i) applies, neither SLF nor any subsidiary of SLF may make any payment to holders of SLA Public Preferred Shares in respect of dividends not declared by SLA, and neither SLF nor any subsidiary of SLF may purchase any SLA Public Preferred Shares, or, in cases where clause (ii) applies, neither SLF nor any subsidiary of SLF may make any payment to holders of Dividend Restricted Shares in respect of dividends not declared by SLF, and neither SLF nor any subsidiary of SLF may purchase any Dividend Restricted Shares, provided that any subsidiary of SLF whose primary business is dealing in securities may purchase shares of SLF or SLA in certain limited circumstances as permitted by the Insurance Act or the regulations thereunder. At the date of this prospectus, SLA does not have any SLA Public Preferred Shares outstanding. **It is in the interest of SLF and SLA to ensure, to the extent within their control, that the Trust pays the interest in cash on the SLEECs on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — SLEECs — Dividend Stopper Undertaking” and “Risk Factors”.

Deferral Right:

Pursuant to the Assignment and Set-Off Agreement, on each Interest Payment Date in respect of which a Deferral Event has occurred (each, a “Deferral Date”), holders

of the SLEECs will be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. A new series of SLA Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each SLA Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of SLA Deferral Preferred Shares subscribed for on each Deferral Date (which may include fractional shares) will be calculated by dividing the amount of the interest payment on the SLEECs that has not been paid in cash on the applicable Deferral Date by the face amount of each SLA Deferral Preferred Share. For greater certainty, whether or not a Deferral Event has occurred in respect of a particular Interest Payment Date will be determined prior to the commencement of the Interest Period ending on the day immediately preceding such Interest Payment Date, except in the case of an Other Deferral Event described in clause (iii) of the definition of “Other Deferral Event” below, in which case the determination will be made on the applicable Interest Payment Date but will be considered to have occurred on the day immediately preceding such Interest Payment Date.

A Deferral Event will occur in circumstances where: (i) SLA has failed to declare cash dividends on its Class B Non-Cumulative Preferred Shares Series A or (ii) if there are SLA Public Preferred Shares outstanding, SLA has failed to declare cash dividends on any of its SLA Public Preferred Shares in accordance with their respective terms (other than a failure to declare such dividends during a Dividend Restricted Period), in either case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date (in the case of either (i) or (ii), a “Missed Dividend Deferral Event”); (iii) for whatever reason (other than as a result of a Missed Dividend Deferral Event), interest is not paid in full in cash on the SLEECs on any Interest Payment Date (or the next Business Day, if the relevant Interest Payment Date is not a Business Day); or (iv) SLA elects, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of SLEECs invest interest paid on the SLEECs on the relevant Interest Payment Date in SLA Deferral Preferred Shares (in the case of either (iii) or (iv), an “Other Deferral Event”). There is no limit on the number of Deferral Events that may occur.

See “Description of the Trust Securities — SLEECs — Deferral Right”.

SLA Deferral Preferred Shares:

The SLA Deferral Preferred Shares will pay quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Insurance Act, at the Perpetual Preferred Share Rate, subject to any applicable withholding tax. See “Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares”.

Automatic Exchange:

The SLEECs, including accrued and unpaid interest thereon, will be exchanged automatically (the “Automatic Exchange”), without the consent of the holders thereof, for newly issued SLA Exchange Preferred Shares if: (i) an application for a winding-up order in respect of SLA pursuant to the Winding-Up Act is filed by the Attorney General of Canada or a winding-up order in respect of SLA pursuant to the Winding-Up Act is granted by a court; (ii) the Superintendent advises SLA in writing that the Superintendent has taken control of SLA or its assets pursuant to the Insurance Act; (iii) the Superintendent advises SLA in writing that the Superintendent is of the opinion that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; (iv) the Board of Directors of SLA advises the Superintendent in writing that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; or (v) the Superintendent directs SLA pursuant to the Insurance Act to increase its capital or provide additional liquidity and SLA elects to cause the Automatic Exchange as a consequence of the issuance of such direction or SLA does not comply with such direction to the

satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). The Automatic Exchange will occur as of 8:00 a.m. (Eastern time) (the “Exchange Time”) on the date that a Loss Absorption Event occurs. On the exchange, holders of SLEECS will receive 40 SLA Exchange Preferred Shares for each \$1,000 principal amount of SLEECS, together with the number of SLA Exchange Preferred Shares calculated by dividing the amount of accrued and unpaid interest, if any, on the SLEECS from and including the immediately preceding Interest Payment Date to but excluding the date the Loss Absorption Event occurs by the face amount of the SLA Exchange Preferred Shares. Following the Automatic Exchange, holders of SLEECS immediately prior to the Automatic Exchange will cease to have any claim or entitlement to interest or principal against the Trust.

If for any reason the Automatic Exchange does not result in the exchange of all SLEECS then outstanding for SLA Exchange Preferred Shares, the Trust will redeem each \$1,000 principal amount of SLEECS not so exchanged for consideration consisting of 40 SLA Exchange Preferred Shares, together with the number of SLA Exchange Preferred Shares calculated by dividing the amount of accrued and unpaid interest, if any, on the SLEECS from and including the immediately preceding Interest Payment Date to but excluding the date the Loss Absorption Event occurs by the face amount of the SLA Exchange Preferred Shares. **If the Automatic Exchange were to occur and SLA Exchange Preferred Shares were issued in exchange for the SLEECS, the cost-effective nature of the consolidated capital raised by SLA through the issuance of the SLEECS would be lost. Accordingly, it is in the interests of SLA and SLF to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond their control.** See “Description of the Trust Securities — SLEECS — Automatic Exchange” and “Description of the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares”.

SLA Exchange Preferred Shares:

The SLA Exchange Preferred Shares will pay quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Insurance Act, at the Perpetual Preferred Share Rate, subject to any applicable withholding tax. See “Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares”.

Status as Tier 1 Capital:

The SLEECS have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the Capital Guidelines and as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm regulatory capital treatment for the SLEECS. On each Interest Payment Date in respect of which a Deferral Event has occurred, holders of SLEECS will be required to invest interest paid thereon in a new series of SLA Deferral Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of SLEECS. See “Description of the Trust Securities — SLEECS — Deferral Right”. In addition, upon the occurrence of a Loss Absorption Event, the SLEECS will be exchanged automatically for newly-issued SLA Exchange Preferred Shares. In such event, former holders of SLEECS will rank as preferred shareholders of SLA in a liquidation of SLA. See “Description of the Trust Securities — SLEECS — Automatic Exchange”.

Trust Redemption Right:

On or after December 31, 2014, the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECS, redeem the SLEECS, in whole or in part. The redemption price per \$1,000 principal amount of SLEECS redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield

Price, and the redemption price per \$1,000 principal amount of SLEECs redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — SLEECs — Trust Redemption Right”.

SLEECs redeemed by the Trust will be cancelled and not reissued.

Redemption on Tax or Regulatory Event:

The Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECs, redeem all (but not less than all) of the SLEECs following the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of SLEECs will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — SLEECs — Redemption on Tax or Regulatory Event”.

Purchase for Cancellation:

On or after the date that is five years after the Closing Date, the SLEECs may be purchased, in whole or in part, by the Trust, at the direction of SLA as the holder of the Voting Trust Units and with prior approval of the Superintendent, in the open market or by tender or private contract at any price. SLEECs purchased by the Trust will be cancelled and not reissued.

Additional Covenants:

In addition to the Dividend Stopper Undertaking, SLA and SLF will covenant for the benefit of the holders of SLEECs pursuant to the Share Exchange Agreement or the Assignment and Set-Off Agreement, as the case may be, that:

- (i) all of the outstanding Voting Trust Units will be held at all times by SLA;
- (ii) as long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, neither SLA nor SLF will take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — SLEECs — Rights on Termination of the Trust” and (if required) only with prior approval of the Superintendent;
- (iii) as long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, SLA will not create or issue any preferred shares which, in the event of insolvency or winding-up of SLA, would rank in right of payment in priority to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares;
- (iv) neither SLA nor SLF will assign or otherwise transfer any of its obligations under the Share Exchange Agreement or the Assignment and Set-Off Agreement, except in the case of a merger, consolidation, amalgamation or reorganization or a sale of substantially all of the assets of SLA or SLF;
- (v) if the SLEECs have not been exchanged for SLA Exchange Preferred Shares pursuant to the Automatic Exchange, SLA will not, without the prior approval of the Superintendent (if required) and the prior approval of holders of the SLEECs, amend any terms attaching to the SLA Exchange Preferred Shares, provided that the prior approval of the holders of SLEECs will not be required in the case of amendments relating to the SLA Preferred Shares as a class;
- (vi) prior to the issuance of any SLA Deferral Preferred Shares in respect of a Deferral Event, SLA will not, without the prior approval of the

Superintendent (if required) and the prior approval of holders of the SLEECs, amend any terms attaching to such SLA Deferral Preferred Shares, provided that the prior approval of the holders of SLEECs will not be required in the case of amendments relating to the SLA Preferred Shares as a class; and

- (vii) as long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, and SLA does not have SLA Public Preferred Shares outstanding, SLF will not declare cash dividends during an Interest Period on any Dividend Restricted Shares, unless SLA has declared a dividend on its Class B Non-Cumulative Preferred Shares Series A during the last 90 days preceding the commencement of that Interest Period.

Subordination and Events of Default:

The SLEECs will be direct unsecured obligations of the Trust, ranking at least equally with other subordinated indebtedness of the Trust from time to time issued and outstanding. In the event of the insolvency or winding-up of the Trust, the indebtedness evidenced by SLEECs issued by the Trust will be subordinate in right of payment to the prior payment in full of all other liabilities of the Trust except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by such SLEECs.

An event of default in respect of the SLEECs will occur only if the Trust or SLA becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated.

The subordination provisions and the event of default provisions of the SLEECs as described herein are not likely to be relevant to the holders of the SLEECs in their capacity as creditors of the Trust since the Automatic Exchange provisions of the SLEECs will result in the SLEECs being exchanged for SLA Exchange Preferred Shares effective as of the Exchange Time. See “Description of the Trust Securities — SLEECs — Automatic Exchange” and “Risk Factors”.

If an event of default has occurred and is continuing, and the SLEECs have not already been automatically exchanged for SLA Exchange Preferred Shares, the Indenture Trustee in its discretion may declare, and upon the request of holders of not less than one-quarter of the principal amount of SLEECs then outstanding under the Trust Indenture will declare, the principal of and interest on all outstanding SLEECs to be immediately due and payable. There will be no right of acceleration in the case of a default in the performance of any covenant of the Trust in the Trust Indenture, although a legal action could be brought to enforce such covenant.

Book-Entry Only Form:

The SLEECs will be issued under the book-entry only system operated by CDS Clearing and Depository Services Inc. or its nominees (“CDS”) and must be purchased or transferred through participants (collectively, “Participants”) in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. Accordingly, physical certificates representing the SLEECs will not be available except in the limited circumstances described under “Description of the Trust Securities — SLEECs — Book-Entry Only Form”.

Voting Trust Units:

On or prior to the closing of the Offering, SLA will subscribe for Voting Trust Units. See “Description of the Trust Securities — Voting Trust Units”.

THE TRUST

The Trust is a trust established under the laws of Ontario by the Trustee pursuant to the Declaration of Trust. The Trust has been formed for the purpose of issuing debt securities, including the SLEECs, and acquiring and holding Trust Assets in order to generate income for payment of principal, interest, redemption price, if any, and any other amounts in respect of its debt securities, including the SLEECs. Immediately after the issuance by the Trust of the SLEECs pursuant to the Offering, the subscription by SLA for the Voting Trust Units and the purchase by the Trust of the SLA Debenture, the Trust will have approximately \$501,000,000 in Trust Assets, \$500,000,000 of capital attributable to the SLEECs and \$1,000,000 of capital attributable to the Voting Trust Units.

RISK FACTORS

The purchase of SLEECs is subject to certain risks including the following: (i) an investment in SLEECs could be replaced in certain circumstances, without the consent of the holders, by an investment in SLA Exchange Preferred Shares; (ii) prevailing yields on comparable securities will affect the market value of the SLEECs, the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares and the interest rate payable on the SLEECs will reset periodically; (iii) holders of SLEECs may in certain circumstances be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares, which may give rise to certain tax or other implications for such holders; (iv) real or anticipated changes to the credit ratings on the SLEECs, the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares may affect the market value of such securities; (v) the Trust may, in certain circumstances, redeem the SLEECs; (vi) there can be no assurance that an active trading market in the SLEECs, the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares will develop or be sustained; (vii) the SLEECs are unsecured, subordinated obligations of the Trust; (viii) the Trust will be dependent upon the diligence and skill of the employees of SLA as Administrative Agent and potential conflicts of interest may arise between the Trust, SLA and its affiliates; (ix) the redemption and purchase by SLA of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares is subject to certain restrictions, which may limit a holder's ability to liquidate such shares; (x) the ownership of shares of SLA is subject to certain restrictions; and (xi) the Trust Indenture does not contain any provision limiting the ability of the Trust to incur indebtedness generally. See "Risk Factors".

GLOSSARY

In this prospectus, unless the context otherwise requires:

1933 Act means the United States Securities Act of 1933, as amended.

2007 MRRS Decision has the meaning ascribed thereto under “Documents Incorporated By Reference”.

Administration Agreement means the agreement between the Trust and SLA pursuant to which SLA, or any successor thereto, will serve as Administrative Agent to the Trust.

Administrative Agent means SLA, or any successor thereto, in its capacity as administrative agent to the Trust pursuant to the Administration Agreement.

Assignment and Set-Off Agreement means the Assignment, Set-Off and Trust Agreement between SLA, SLF, the Trust and the Indenture Trustee, as bare trustee and nominee on behalf of holders of SLEECs, pursuant to which, among other things, the Deferral Event Subscription is granted.

Automatic Exchange means the automatic exchange of the SLEECs for newly issued SLA Exchange Preferred Shares upon the occurrence of a Loss Absorption Event.

Board of Directors means the board of directors of SLA.

Business Day means a day on which Canadian chartered banks are open for business in the City of Toronto and which is not a Saturday or Sunday.

Canada Yield Price means the price per \$1,000 principal amount of SLEECs calculated by SLA to provide an annual yield thereon from the applicable date of redemption to but excluding the next Interest Reset Date equal to the GOC Redemption Yield plus (i) 0.60%, if the redemption date is any time prior to December 31, 2019, or (ii) 1.20%, if the redemption date is any time after December 31, 2019.

Capital Guidelines means the Canadian insurance regulatory guidelines issued from time to time by the Superintendent or other governmental authority in Canada concerning the maintenance of adequate capital reserves by Canadian insurance companies, including SLA.

CDS means CDS Clearing and Depository Services Inc. and its nominees, or any successor thereto carrying on the business of a depository.

CDS Procedures mean the customary practices and procedures of CDS.

Closing Date means the date of closing of the Offering.

Credit Facility means the unsecured credit facility in the amount of up to \$15,000,000 to be provided by SLA to the Trust.

DBRS means DBRS Limited.

Debenture Purchase Agreement means the purchase agreement between SLA and the Trust providing for the purchase by the Trust of the SLA Debenture.

Declaration of Trust means the declaration of trust by the Trustee dated November 6, 2009 establishing the Trust and the rights, privileges, restrictions and conditions attached to the Voting Trust Units, as amended and restated from time to time.

Deferral Date means an Interest Payment Date in respect of which a Deferral Event has occurred.

Deferral Event in respect of an Interest Payment Date means either a Missed Dividend Deferral Event or an Other Deferral Event.

Deferral Event Subscription means the right and obligation of holders of SLEECs, pursuant to the Assignment and Set-Off Agreement, to subscribe for and of SLA to issue SLA Deferral Preferred Shares, in each case using interest paid on the SLEECs upon the occurrence of a Deferral Event and in respect of the applicable Interest Payment Date.

Deferral Event Subscription Proceeds has the meaning ascribed thereto under “Description of the Trust Securities – SLEECs – Deferral Right”.

Deferral Event Subscription Proceeds Assignment has the meaning ascribed thereto under “Description of the Trust Securities – SLEECs – Deferral Right”.

Dividend Declaration Resumption Month means the month that is the sixth month following the relevant Deferral Date in respect of which an Other Deferral Event has occurred, being the month in which SLA may resume declaring dividends on the SLA Public Preferred Shares or, as applicable, SLF may resume declaring dividends on the Dividend Restricted Shares.

Dividend Restricted Period means the period from and including a Deferral Date in respect of which an Other Deferral Event has occurred to but excluding the first day of the applicable Dividend Declaration Resumption Month.

Dividend Restricted Shares means, collectively, the SLF Preferred Shares and the SLF Common Shares.

Dividend Stopper Undertaking means the covenant of SLA and SLF, as applicable, for the benefit of the holders of SLEECs, in the Assignment and Set-Off Agreement, to refrain from declaring cash dividends on its shares in the circumstances described in that agreement commencing on the applicable Deferral Date in respect of which an Other Deferral Event has occurred until the Dividend Declaration Resumption Month.

Early Release Date, in respect of SLA Deferral Preferred Shares held in escrow, means the date of (i) an Automatic Exchange, (ii) maturity of the SLEECs or (iii) redemption of all of the outstanding SLEECs, in any case, prior to the next following Release Date for such SLA Deferral Preferred Shares.

Eligible Trust Assets means money, debt obligations, including those of SLA, and contractual rights in respect of the activities and operations of the Trust.

Exchange Time means the time at which the Automatic Exchange will be effective, being 8:00 a.m. (Eastern time) on the date that a Loss Absorption Event occurs.

Exchange Trustee means CIBC Mellon Trust Company, as trustee for the holders of SLEECs pursuant to the Share Exchange Agreement.

Funding Debenture means an interest-bearing debenture that may be acquired by the Trust from SLA which, if acquired, would constitute an Eligible Trust Asset.

Funding Debenture Purchase Agreement means a purchase agreement between SLA and the Trust providing for the purchase by the Trust of a Funding Debenture, if applicable.

GOC Redemption Yield means, on any date of redemption of the SLEECs, the average of the annual yields as at 12:00 p.m. (Eastern time) on the Business Day immediately preceding the date on which the Trust gives notice of the redemption of the SLEECs, as determined by two Canadian registered investment dealers, each of which will be selected by, and must be independent of, SLA and the Trust, as being the annual yield from the applicable date of redemption to but excluding the next Interest Reset Date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars at 100% of its principal amount on the date of redemption and maturing on the next Interest Reset Date.

Government of Canada Yield means, on any Interest Reset Date, the average of the annual yields as at 12:00 p.m. (Eastern time) on the third Business Day prior to the applicable Interest Reset Date, as determined by two Canadian registered investment dealers, each of which will be selected by, and must be independent of, SLA and the Trust, as being the annual yield to maturity on such date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of five years.

Indenture Trustee means CIBC Mellon Trust Company, as trustee for the holders of SLEECs pursuant to the Trust Indenture.

Ineligible Person means any person whose address is in, or whom SLA or the Trust or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that the issuance or delivery by SLA or the Trust to such person, upon an Automatic Exchange or Deferral Event, of shares of any class of SLA, as applicable, (i) would require SLA or the Trust to take any action to comply with securities, insurance or analogous

laws of such jurisdiction or (ii) would give rise to a liability for withholding tax in connection with such issuance or delivery.

Initial Trust Assets means the SLA Debenture to be acquired by the Trust on the Closing Date pursuant to the Debenture Purchase Agreement and the Funding Debenture that may be acquired by the Trust on such date pursuant to the Funding Debenture Purchase Agreement.

Insurance Act means the *Insurance Companies Act* (Canada), as amended from time to time.

Interest Payment Date means June 30 and December 31 in each year during which the SLEECs are outstanding, except for December 31, 2009.

Interest Period means, initially, the period from and including the Closing Date to but excluding June 30, 2010 and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

Interest Reset Date means December 31, 2019, and every fifth anniversary of such date thereafter until December 31, 2104, on which dates the interest rate on the SLEECs and the SLA Debenture will be reset as described in this prospectus.

Loss Absorption Event means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (i) an application for a winding-up order in respect of SLA pursuant to the Winding-Up Act is filed by the Attorney General of Canada or a winding-up order in respect of SLA pursuant to that Act is granted by a court; (ii) the Superintendent advises SLA in writing that the Superintendent has taken control of SLA or its assets pursuant to the Insurance Act; (iii) the Superintendent advises SLA in writing that the Superintendent is of the opinion that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; (iv) the Board of Directors advises the Superintendent in writing that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; or (v) the Superintendent directs SLA pursuant to the Insurance Act to increase its capital or provide additional liquidity and SLA elects to cause the Automatic Exchange as a consequence of the issuance of such direction or SLA does not comply with such direction to the satisfaction of the Superintendent within the time specified therein.

MCCR means Minimum Continuing Capital and Surplus Requirements for Life Insurance Companies established from time to time by the Superintendent as part of the Capital Guidelines to ensure that life insurance companies maintain adequate capital and appropriate forms of liquidity in relation to their operations.

Missed Dividend Deferral Event means (i) the failure by SLA to declare cash dividends on its Class B Non-Cumulative Preferred Shares Series A or (ii) if there are SLA Public Preferred Shares outstanding, the failure by SLA to declare cash dividends on any of its SLA Public Preferred Shares in accordance with their respective terms (other than a failure to declare such dividends during a Dividend Restricted Period), in either case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date.

New Preferred Shares has the meaning ascribed thereto under “Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares – Conversion into Another Series of SLA Preferred Shares”.

Offering means the offering of SLEECs by the Trust pursuant to this prospectus.

Original SLEECs has the meaning ascribed thereto under “Sun Life Financial Inc. – Additional Restrictions on Declaration of Dividends”.

Other Deferral Event means (i) the election by SLA, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of SLEECs invest interest paid on the SLEECs on the relevant Interest Payment Date in SLA Deferral Preferred Shares or (ii) for whatever reason (other than as a result of a Missed Dividend Deferral Event), interest is not paid in full in cash on the SLEECs on any Interest Payment Date (or the next Business Day, if the relevant Interest Payment Date is not a Business Day).

Participants mean the participants in the depository service of CDS.

Perpetual Preferred Share Rate means the rate per annum equal to the Thirty Year Canada Yield prevailing (i) in the case of the SLA Exchange Preferred Shares, at the time of the Automatic Exchange, or (ii) in the case of the SLA Deferral Preferred Shares, on the date of issuance of each series of SLA Deferral Preferred Shares, plus, in each case, 1.942%.

Preferred Share Guarantee Agreement means the preferred share guarantee agreement between SLF and SLA dated as of November 15, 2007.

Regulatory Event means the receipt by SLA of notice or advice from the Superintendent that the SLEECS no longer qualify as eligible Tier 1 capital under the Capital Guidelines or no longer qualify as Tier 2 capital under the Capital Guidelines.

Release Date means the date on which SLA Deferral Preferred Shares issued in connection with a Deferral Event are to be released from escrow, being the next following Interest Payment Date that is not a Deferral Date.

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation.

Share Exchange Agreement means the Share Exchange Agreement between SLA, SLF, the Trust and the Exchange Trustee providing for, among other things, certain covenants of SLA and SLF as well as the respective rights and obligations of SLA, the Trust and the holders of the SLEECS with respect to the exchange of SLEECS for SLA Exchange Preferred Shares in connection with an Automatic Exchange.

Significant Shareholder means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of SLA in excess of 10% of the total number of outstanding shares of that class.

SLA means Sun Life Assurance Company of Canada.

SLA Common Shares means the common shares of SLA.

SLA Debenture means the senior debenture to be issued by SLA to the Trust on the Closing Date in order to generate income for payment of the principal, interest, redemption price, if any, and any other amounts in respect of the Trust's debt securities, including the SLEECS.

SLA Debenture Canada Yield Price means the price per \$1,000 principal amount of the SLA Debenture calculated by SLA to provide an annual yield thereon from the applicable date of redemption to but excluding the next Interest Reset Date equal to the GOC Redemption Yield plus (i) 0.65%, if the redemption date is any time prior to December 31, 2019, or (ii) 1.30%, if the redemption date is any time after December 31, 2019.

SLA Deferral Preferred Shares means each series of SLA Preferred Shares to be issued to holders of SLEECS in respect of each Deferral Event.

SLA Exchange Preferred Shares means the Class A preferred shares Series V of SLA.

SLA Preferred Shares means the Class A preferred shares of SLA (including the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares).

SLA Public Preferred Shares means, at any time, preferred shares of SLA, which, at that time (i) have been issued to the public (excluding any preferred shares of SLA held beneficially by affiliates of SLA), (ii) are listed on a recognized stock exchange and (iii) have an aggregate liquidation entitlement of at least \$200 million.

SLEECS mean the 5.863% Sun Life Exchangeable Capital Securities - Series 2009-1 due December 31, 2108 to be issued by the Trust pursuant to the Offering.

SLF means Sun Life Financial Inc.

SLF Common Shares means the common shares of SLF.

SLF Guarantee means the guarantee by SLF in respect of the preferred shares of SLA, as provided in the Preferred Share Guarantee Agreement.

SLF Preferred Shares means the preferred shares of SLF.

Subscription Agreement means an agreement between SLA and the Trust pursuant to which SLA will subscribe for Voting Trust Units.

Subscription Right means the right granted by SLA to the Trust pursuant to the Share Exchange Agreement to subscribe for SLA Exchange Preferred Shares for the sole benefit of holders of SLEECS so as to enable the Trust to redeem SLEECS, if any, remaining outstanding following the Automatic Exchange.

Sun Life Financial has the meaning ascribed thereto under "Caution Regarding Forward-Looking Statements".

Superintendent means the Superintendent of Financial Institutions (Canada).

Tax Act means the *Income Tax Act* (Canada), as amended from time to time.

Tax Event means the Trust or SLA has received an opinion of independent counsel of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to SLA or the Trust) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “administrative action”); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the SLEECS, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Trust or SLA is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the SLEECS (including the treatment by SLA or the Trust of interest on the SLA Debenture or the SLEECS) or the treatment of the SLA Debenture or other property of the Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise that could have been filed, will not be respected by a taxing authority, or (B) the Trust is, or will be, subject to more than a *de minimis* amount of taxes, duties or other governmental charges or civil liabilities.

Thirty Year Canada Yield means, on the relevant date, the average of the annual yields as at 12:00 p.m. (Eastern time), as determined by two Canadian registered investment dealers, each of which will be selected by, and must be independent of, SLA and the Trust, as being the annual yield to maturity on such date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued on such date in Canadian dollars in Canada at 100% of its principal amount with a term to maturity of thirty years.

Trust means Sun Life Capital Trust II, the issuer of the Trust Securities.

Trust Assets means the Eligible Trust Assets held from time to time by the Trust.

Trust Indenture means the trust indenture to be entered into on the Closing Date between the Trust and the Indenture Trustee.

Trust Securities means, collectively, the SLEECS and the Voting Trust Units.

Trustee means Computershare Trust Company of Canada, trustee of the Trust.

TSX means the Toronto Stock Exchange.

Underwriters means, collectively, Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and TD Securities Inc.

Underwriting Agreement means the agreement dated November 17, 2009 between the Trust, SLA, SLF and the Underwriters.

U.S. Person has the meaning set out under the U.S. Securities Act.

Voting Trust Units mean the Voting Trust Units to be issued by the Trust to SLA.

Winding-Up Act means the *Winding-Up and Restructuring Act* (Canada), as amended from time to time.

THE TRUST

General

The Trust is a trust established under the laws of Ontario by the Trustee pursuant to the Declaration of Trust. The Trust has been formed for the purpose of issuing debt securities, including the SLEECs, and acquiring and holding the Trust Assets in order to generate income for payment of principal, interest, redemption price, if any, and any other amounts in respect of its debt securities, including the SLEECs. The Offering will provide SLA with a cost-effective means of raising capital for Canadian insurance regulatory purposes. As a result of the Offering, the Trust will become a reporting issuer for the purposes of applicable securities laws in Canada and, unless exempted, will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities. See “The Trust – Exemptions from Certain Continuous Disclosure Requirements”.

The head and registered office of the Trust is located at 150 King Street West, Toronto, Ontario M5H 1J9.

The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction. The SLEECs are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

Activities of the Trust

The Trust’s objective is to acquire and hold Trust Assets that will generate income for payment of principal, interest, redemption price, if any, and any other amounts in respect of its debt securities, including the SLEECs. The Initial Trust Assets will consist primarily of the SLA Debenture, which is to be purchased pursuant to the Debenture Purchase Agreement, as well as the Funding Debenture, which may be purchased pursuant to the Funding Debenture Purchase Agreement. The SLA Debenture will be a senior unsecured obligation of SLA that ranks on a parity with all other unsubordinated unsecured indebtedness of SLA other than obligations owed to policyholders and certain other specified claimants as provided in the Winding-Up Act. The Trust may also acquire and hold other assets, including money, debt obligations, including those of SLA, and contractual rights in respect of the activities and operations of the Trust (collectively, “Eligible Trust Assets”) from time to time.

Capitalization

As a newly-formed entity, the Trust has no prior operating history. Immediately after the issuance by the Trust of the SLEECs pursuant to the Offering, the subscription by SLA for the Voting Trust Units, the purchase by the Trust of the SLA Debenture and the purchase by the Trust of the Funding Debenture, if applicable, the Trust will have approximately \$501,000,000 in Trust Assets, \$500,000,000 of capital attributable to the SLEECs and \$1,000,000 of capital attributable to the Voting Trust Units. See “Capitalization of the Trust” and “Risk Factors”.

Conflicts of Interest

Due to the nature of the Trust’s relationship with SLA, SLF and their affiliates, it is possible that conflicts of interest will arise with respect to certain transactions, including the Trust’s acquisition of Trust Assets from SLA and/or its affiliates. See “Interest of SLA and its Affiliates in Material Transactions” and “Principal Holders of Securities”. It will be the Trust’s policy that the terms of any financial dealings with SLA or any of its affiliates will be consistent with those available from third parties.

Conflicts of interest between the Trust and SLA and its affiliates may also arise in connection with actions taken by SLA, as holder of the Voting Trust Units. It is intended that any agreements and transactions between the Trust, on the one hand, and SLA, SLF and their affiliates, on the other hand, including the Administration Agreement, the Assignment and Set-Off Agreement, and the Share Exchange Agreement, will be fair to the parties and consistent with market terms for such types of transactions. However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties.

The Administrative Agent

The Trustee has entered into an agreement (the “Administration Agreement”) with SLA pursuant to which the Trustee has delegated to SLA certain of its obligations in relation to the administration of the Trust. SLA, in its role as administrative agent under the Administration Agreement (the “Administrative Agent”), will, at the request of the Trustee, administer the day-to-day operations of the Trust and perform such other matters as may be requested by the Trustee from time to time. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration Agreement to one or more persons. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration Agreement. The Administrative Agent will be entitled to receive an annual administration fee.

The Administration Agreement has an initial term to December 31, 2019 and will be automatically renewed each year thereafter subject to (i) the right of SLA to resign in certain limited circumstances, (ii) the termination of the Administration Agreement by the Trustee at the direction of the holders of the Voting Trust Units, and (iii) the right of the Trustee to terminate the Administration Agreement if the Administrative Agent ceases to be a resident of Canada for purposes of the Tax Act or at any time upon 90 days’ prior written notice upon the occurrence of one or more events generally related to the failure of the Administrative Agent to perform its obligations under the Administration Agreement in a proper and timely manner.

Liquidity

The Trust will only borrow funds from SLA or its affiliates pursuant to an unsecured credit facility in the amount of up to \$15,000,000 extended by such entity to the Trust (the “Credit Facility”) and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust’s activities and to facilitate the payment by the Trust of the expenses of the Offering.

Exemptions from Certain Continuous Disclosure Requirements

As a result of the Offering, the Trust will become a reporting issuer in each of the provinces and territories of Canada and will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities; however, the Trust intends to apply to the securities regulatory authorities in those provinces and territories (the “Commissions”), as appropriate, for exemptions from certain continuous disclosure requirements prescribed by applicable securities legislation for reporting issuers.

Exemptive relief will be sought by the Trust based on the following terms and conditions of the SLEECS and for the following reasons. The operating activity of the Trust will consist of acquiring and holding Trust Assets for the purpose of generating income for payment of principal, interest, redemption price, if any, and any other amounts on its debt securities, including the SLEECS. Accordingly, the information relating to the financial condition and operations of a reporting issuer that is contained in an annual information form or other continuous disclosure documents will not, in respect of the Trust, be meaningful to holders of SLEECS. In certain circumstances, including at a time when SLA’s financial condition is deteriorating or proceedings for the winding-up of SLA have been commenced (See “Description of the Trust Securities — SLEECS — Automatic Exchange”), the SLEECS will be automatically exchanged for SLA Exchange Preferred Shares. In addition, holders of SLEECS may, in certain circumstances, be required to invest interest paid on the SLEECS in SLA Deferral Preferred Shares. In these cases, the holders or former holders of the SLEECS, as holders of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, will have the limited benefit of the SLF Guarantee. As a result of the foregoing, details of the financial condition of SLF and SLA (as opposed to that of the Trust) will be of interest to holders of SLEECS.

If granted, the exemptions will likely be conditional on holders of SLEECS receiving the interim unaudited and annual audited financial statements of SLF, SLF continuing to file with the Commissions its interim unaudited and annual audited financial statements, annual information form, management information circular and other continuous disclosure documents required to be filed by SLF from time to time and SLA continuing to file with the Commissions its annual audited financial statements. If these exemptions are granted, the Trust will not be required to file with the Commissions interim unaudited and annual audited financial statements, including management’s discussion and analysis of the financial condition and results of operation of the Trust, interim and annual

certificates signed by the Chief Financial Officer and Chief Executive Officer, an information circular or an annual information form of the Trust, and holders of SLEECs will not receive such financial statements and other continuous disclosure documents of the Trust. It is expected, however, that the Trust will remain subject to the requirement to file material change reports in the event of any material change in the affairs of the Trust.

CAPITALIZATION OF THE TRUST

The following table sets forth the capitalization of the Trust as of the date of this prospectus and as adjusted to reflect the closing of the Offering and the issuance of Voting Trust Units.

	Outstanding as at November 17, 2009	Outstanding as at November 17, 2009 after giving effect to the Offering ⁽¹⁾
	(in thousands of Canadian dollars)	
SLEECs	\$0	\$500,000
Voting Trust Units	\$0	\$1,000
Original Settlement Amount ⁽²⁾	\$1	-
Trust Capital	\$1	\$501,000

(1) Issue costs, including the Underwriters' fee, are estimated to be \$6,000,000.

(2) Amounts settled on the Trust's formation subsequently applied as part of the subscription price for the Voting Trust Units.

SUN LIFE FINANCIAL INC.

General

SLF was incorporated under the Insurance Act on August 5, 1999. On the completion of the demutualization of SLA on March 22, 2000, SLF became the holding company which holds directly all of the outstanding shares of SLA.

SLA was incorporated as a stock life company by a Special Act of Parliament of Canada in 1865 and was converted into a mutual company through a process that was completed in 1962. On its demutualization, SLA was converted back from a mutual insurance company to a stock insurance company pursuant to letters patent of conversion issued under the Insurance Act on March 22, 2000.

SLA and its predecessors have had operations in Canada since 1871, in the United States since 1895, in the United Kingdom since 1893 and in Asia since 1892.

Business

SLF, together with its subsidiaries and joint ventures, is a leading international financial services organization providing a diverse range of protection and wealth accumulation products and services to individuals and corporate customers. SLF and its partners today have operations in key markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China and Bermuda. For the year ended December 31, 2008, SLF recorded total revenue of \$15.6 billion and shareholders' net income of \$855 million. As of September 30, 2009, the SLF group of companies had total assets under management of \$411.9 billion. At December 31, 2008, SLF together with its subsidiaries (but not including joint ventures) had approximately 14,500 full-time equivalent employees worldwide and an extensive global distribution network consisting of career sales forces in certain countries, independent insurance agents, investment dealers and financial planners.

Restrictions on Capital Transactions and Dividends

Under the Insurance Act, SLA, with the prior consent of the Superintendent, may redeem or purchase any of its shares, including the SLA Preferred Shares or SLA Common Shares, unless there are reasonable grounds for believing that SLA is, or the redemption or purchase would cause SLA to be, in contravention of any regulation made under the Insurance Act respecting the maintenance by life insurance companies of adequate capital and

adequate and appropriate forms of liquidity or any direction to SLA made by the Superintendent pursuant to subsection 515(3) of the Insurance Act regarding its capital or its liquidity. SLA is also prohibited under the Insurance Act from paying or declaring a dividend if there are reasonable grounds for believing that SLA is, or the payment would cause SLA to be, in contravention of any regulation made under the Insurance Act respecting the maintenance by life insurance companies of adequate capital and adequate and appropriate forms of liquidity or any direction to SLA made by the Superintendent pursuant to subsection 515(3) of the Insurance Act regarding its capital or its liquidity. In addition, SLA must provide at least 15 days' prior notice to the Superintendent before paying any dividends.

Constraints on Ownership of Shares Under the Insurance Act

The Insurance Act contains restrictions on the purchase or other acquisition, issue, transfer and voting of any shares of SLA (including SLA Preferred Shares and SLA Common Shares). Pursuant to these restrictions, no person is permitted to acquire any shares of SLA if the acquisition would cause the person to have a "significant interest" in any class of shares of SLA, without the prior approval of the Minister of Finance. The restrictions also prohibit any person from becoming a "major shareholder" of SLA. In addition, SLA is not permitted to record any transfer or issue of shares of SLA if the transfer or issue would cause the person to have a significant interest in SLA, unless the prior approval of the Minister of Finance is obtained. No person who has a significant interest in SLA may exercise any voting rights attached to the shares held by such person unless the prior approval of the Minister of Finance is obtained. If a person contravenes any of these restrictions, the Minister of Finance may, by order, direct such person to dispose of all or any part of those shares. For these purposes, a person has a significant interest in a class of shares of SLA 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 outstanding shares of that class of shares of SLA.

Under the Insurance Act, the Minister of Finance may approve only the acquisition of a significant interest of up to 30% of the shares 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 SLA, that, if exercised, would result in that person having control in fact of SLA. In addition, the Insurance Act prohibits life insurance companies, including SLA, from recording in its securities register a transfer or issue of any shares of any class to Her Majesty in right of Canada or of a province, an agent or agency of Her Majesty, a foreign government or an agent or agency of a foreign government.

These restrictions do not apply to SLF as long as it continues to be "widely held" within the meaning of the Insurance Act.

Additional Restrictions on Declaration of Dividends

SLF and SLA have covenanted that, if a distribution is not paid when due on any Sun Life Exchangeable Capital Securities - Series A or Series B (the "Original SLEECs") issued by Sun Life Capital Trust, a subsidiary of SLA, SLA 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 or 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 holders of Original SLEECs. "Public Preferred Shares" means preferred shares of SLA which (i) have been issued to the public (excluding any preferred shares held beneficially by affiliates of SLA), (ii) are listed on a recognized stock exchange and (iii) have an aggregate liquidation entitlement of at least \$200 million. At the date of this prospectus, none of SLA's issued shares qualify as "Public Preferred Shares".

Capital Adequacy Requirements

The Insurance Act requires SLA to maintain adequate capital and appropriate forms of liquidity in relation to its operations. The Superintendent has established risk-based capital targets for Canadian insurance companies of 105% (net Tier 1 capital) and 150% (MCCSR). The Superintendent has issued guidelines concerning the maintenance of adequate capital (the "Capital Guidelines") and has statutory authority under the Insurance Act to direct SLA to increase its capital even if SLA is in compliance with the Capital Guidelines. SLA has no reason to

believe that the Superintendent intends to direct SLA to increase its capital beyond that contemplated by SLA's announced financing plans. The Capital Guidelines are applied to SLA on a consolidated basis.

The following table sets forth the net Tier 1 capital ratios and the MCCR ratios of SLA as at the dates indicated:

	Net Tier 1 Capital Ratio	MCCR Ratio
September 30, 2009	167%	219%
December 31, 2008	195%	232%
December 31, 2007	186%	213%
December 31, 2006	196%	222%
December 31, 2005	196%	216%
December 31, 2004	201%	238%

After giving effect to the Offering, including the application of net proceeds therefrom, the net Tier 1 capital ratio and MCCR ratio for SLA at September 30, 2009 would have been 170% and 230%, respectively.

DESCRIPTION OF THE TRUST SECURITIES

SLEECs

The following is a summary of the rights, privileges, restrictions and conditions attaching to the SLEECs and certain provisions of the Trust Indenture, the Assignment and Set-Off Agreement and the Share Exchange Agreement. This summary is qualified in its entirety by the provisions of the Trust Indenture. A copy of the Trust Indenture may be inspected during normal business hours at the principal office of the Indenture Trustee in Toronto, Ontario, during the course of the distribution of the SLEECs. Following closing of the Offering, copies of the Trust Indenture, the Assignment and Set-Off Agreement and the Share Exchange Agreement will be available on SEDAR at www.sedar.com.

Holders of SLEECs will not have any recourse to the assets of the Trustee in connection with any payments in respect of the SLEECs. For information concerning the SLA Exchange Preferred Shares into which the SLEECs are, in certain circumstances, exchangeable as described below, see "Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares". For information concerning the SLA Deferral Preferred Shares, which, in certain circumstances holders of SLEECs will be required to purchase with interest paid on the SLEECs, see "Description of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares". See "– Automatic Exchange" and "– Deferral Right".

Interest and Maturity

From the Closing Date until December 31, 2108, the Trust will pay interest on the SLEECs in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010, subject to any applicable withholding tax. From the Closing Date to but excluding December 31, 2019, the interest rate on the SLEECs will be fixed at 5.863% per annum. Assuming the SLEECs are issued on November 20, 2009, the first interest payment on the SLEECs on June 30, 2010 will be approximately \$35.901 per \$1,000 principal amount of SLEECs. Each interest payment on the SLEECs after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$29.315 per \$1,000 principal amount of SLEECs. Starting on December 31, 2019, and on every fifth anniversary of such date thereafter until December 31, 2104 (each such date, an "Interest Reset Date"), the interest rate on the SLEECs will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.40%. The SLEECs will mature on December 31, 2108. Holders of SLEECs may, in certain circumstances, be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. See "– Deferral Right" below.

If an Interest Payment Date falls on a day that is not a Business Day, the Interest Payment Date will be postponed to the next Business Day, and no further interest will accrue in respect of such postponement.

Specified Denominations

The SLEECs will be issued only in minimum denominations of \$1,000 and integral multiples thereof.

Dividend Stopper Undertaking

SLA and SLF will covenant for the benefit of holders of SLEECs in the Assignment and Set-Off Agreement that, in the event of an Other Deferral Event, in the period commencing on the relevant Deferral Date until the Dividend Declaration Resumption Month: (i) if there are SLA Public Preferred Shares outstanding, SLA will not declare cash dividends on any SLA Public Preferred Shares; or (ii) if there are not SLA Public Preferred Shares outstanding, SLF will not declare cash dividends on any Dividend Restricted Shares; and (iii) in cases where clause (i) applies, neither SLF nor any subsidiary of SLF may make any payment to holders of SLA Public Preferred Shares in respect of dividends not declared by SLA, and neither SLF nor any subsidiary of SLF may purchase any SLA Public Preferred Shares, or, in cases where clause (ii) applies, neither SLF nor any subsidiary of SLF may make any payment to holders of Dividend Restricted Shares in respect of dividends not declared by SLF, and neither SLF nor any subsidiary of SLF may purchase any Dividend Restricted Shares, provided that any subsidiary of SLF whose primary business is dealing in securities may purchase shares of SLF or SLA in certain limited circumstances as permitted by the Insurance Act or the regulations thereunder. At the date of this prospectus, SLA does not have any SLA Public Preferred Shares outstanding. The first dividend in respect of the Public Preferred Shares declared by SLA or, as applicable, the Dividend Restricted Shares declared by SLF in or following the Dividend Declaration Resumption Month will be paid by SLA or, as applicable, SLF no earlier than would ordinarily be the case. It is in the interest of SLF and SLA to ensure, to the extent within their control, that the Trust pays the interest in cash on the SLEECs on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.

Deferral Right

On each Interest Payment Date in respect of which a Deferral Event has occurred (each, a “Deferral Date”), holders of the SLEECs will be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. A new series of SLA Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each SLA Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of SLA Deferral Preferred Shares subscribed for on each Deferral Date (which may include fractional shares) will be calculated by dividing the amount of the interest payment on the SLEECs that has not been paid in cash on the applicable Deferral Date by the face amount of each SLA Deferral Preferred Share.

A Deferral Event will occur in circumstances where: (i) SLA has failed to declare cash dividends on its Class B Non-Cumulative Preferred Shares Series A or (ii) if there are SLA Public Preferred Shares outstanding, SLA has failed to declare cash dividends on any of its SLA Public Preferred Shares in accordance with their respective terms (other than a failure to declare such dividends during a Dividend Restricted Period), in either case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date (in the case of either (i) or (ii), a “Missed Dividend Deferral Event”); (iii) for whatever reason (other than as a result of a Missed Dividend Deferral Event), interest is not paid in full in cash on the SLEECs on any Interest Payment Date (or the next Business Day, if the relevant Interest Payment Date is not a Business Day); or (iv) SLA elects, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of SLEECs invest interest paid on the SLEECs on the relevant Interest Payment Date in SLA Deferral Preferred Shares (in the case of either (iii) or (iv), an “Other Deferral Event”). There is no limit on the number of Deferral Events that may occur. For greater certainty, whether or not a Deferral Event has occurred in respect of a particular Interest Payment Date will be determined prior to the commencement of the Interest Period ending on the day immediately preceding such Interest Payment Date, except in the case of an Other Deferral Event described in clause (iii) above, in which case the determination will be made on the applicable Interest Payment Date but will be considered to have occurred on the day immediately preceding such Interest Payment Date.

The issuance of SLA Deferral Preferred Shares upon the occurrence of any Deferral Event will be effected pursuant to the Assignment and Set-Off Agreement, whereby: (i) SLA will assign to the Trust all of its right, title and interest in the subscription proceeds (the “Deferral Event Subscription Proceeds”) payable to SLA in connection with the Deferral Event Subscription (the “Deferral Event Subscription Proceeds Assignment”); (ii) the Trust will

agree that, on each Interest Payment Date that is a Deferral Date, the interest payable to the Trust by SLA on such Interest Payment Date pursuant to the SLA Debenture will have been satisfied to the extent of an amount equal to the aggregate Deferral Event Subscription Proceeds payable in connection with the SLA Deferral Preferred Shares issued on such Interest Payment Date pursuant to the Deferral Event Subscription Proceeds Assignment and SLA will only be required to pay cash to the Trust in an amount equal to the excess of the interest payable by SLA pursuant to the SLA Debenture on such Interest Payment Date over the amount of such Deferral Event Subscription Proceeds; and (iii) the Indenture Trustee, on behalf of holders of SLEECs, will agree that, on each Interest Payment Date that is a Deferral Date, without any further action being required by SLA, the Trust or holders of SLEECs, the right of the holders of SLEECs to receive the portion of the interest thereon in respect of the relevant Interest Payment Date that has not been paid in cash will be set-off against their obligation to pay the cash subscription price for the SLA Deferral Preferred Shares to the Trust, as assignee, without any payment of cash by the Trust in respect of the interest or by the holders in respect of the subscription price. As a result, pursuant to the Assignment and Set-Off Agreement, a holder's entitlement in the case of a Deferral Event on an Interest Payment Date will be to the delivery of the SLA Deferral Preferred Shares.

In acting pursuant to the Assignment and Set-Off Agreement, the Indenture Trustee will act as bare trustee and nominee on behalf of holders of the SLEECs. The Indenture Trustee will acquire and hold the SLA Deferral Preferred Shares for and on behalf of holders of the SLEECs and not on its own behalf. Any SLA Deferral Preferred Shares will be issued to and held by the Indenture Trustee for and on behalf of holders of SLEECs with the result that the Indenture Trustee will never have any beneficial interest in the SLA Deferral Preferred Shares. The Indenture Trustee will hold the SLA Deferral Preferred Shares in escrow until the next following Interest Payment Date which is not also a Deferral Date (the "Release Date"). During this escrow period, beneficial owners of the SLA Deferral Preferred Shares will be entitled to exercise all rights as a beneficial shareholder of SLA, other than the right to transfer or dispose of such shares, and the Indenture Trustee will have no authority to manage, administer or invest the SLA Deferral Preferred Shares without the instructions of the holders thereof. If the SLEECs are then held in the CDS book entry only system, such rights can be exercised by such beneficial owners providing instructions to the Participants through which they hold SLEECs in accordance with the customary practices and procedures of CDS ("CDS Procedures") or, if the SLEECs are not then held in the CDS book entry only system, through arrangements with the registered holders of such SLEECs. On the Release Date, the SLA Deferral Preferred Shares will be released from escrow and will become freely tradable securities of SLA.

If following a Deferral Event but prior to the Release Date for any SLA Deferral Preferred Shares in escrow (i) the SLEECs mature, (ii) a Loss Absorption Event occurs or (iii) all of the outstanding SLEECs are redeemed (the date of any such event being the "Early Release Date"), the SLA Deferral Preferred Shares will be released from escrow on the Early Release Date rather than the Release Date.

Upon a Deferral Event, SLA reserves the right not to issue SLA Deferral Preferred Shares to any Ineligible Person or to any person who would as a result of such delivery become a Significant Shareholder. In such circumstances, the Indenture Trustee will hold, as agent of such Ineligible Persons or Significant Shareholders, all SLA Deferral Preferred Shares otherwise deliverable to them, and the Indenture Trustee will deliver such shares to a broker retained by SLA for the purpose of effecting a sale of such SLA Deferral Preferred Shares (to parties other than SLA and its affiliates) on behalf of such Ineligible Persons and Significant Shareholders. Such sales, if any, may be made at any time and any price. None of the Trust, the Trustee, SLF, SLA or the Indenture Trustee will be subject to any liability for failing to sell SLA Deferral Preferred Shares on behalf of any such Ineligible Persons or Significant Shareholders or at any particular price on any particular day. The net proceeds received by the Indenture Trustee from the sale of any SLA Deferral Preferred Shares will be held in escrow by the Indenture Trustee until the Release Date or Early Release Date, as the case may be, and will be divided among the relevant Ineligible Persons and Significant Shareholders in proportion to the number of SLA Deferral Preferred Shares that would otherwise have been deliverable to them, after deducting the costs of sale and any applicable withholding taxes. The Indenture Trustee will make payment of the aggregate net proceeds to CDS (if the SLEECs are then held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such Ineligible Persons and Significant Shareholders in accordance with the customary practice and procedures of CDS ("CDS Procedures") or otherwise.

Automatic Exchange

The SLEECs, including accrued and unpaid interest thereon, will be exchanged automatically (the “Automatic Exchange”), without the consent of the holders thereof, for newly issued SLA Exchange Preferred Shares if: (i) an application for a winding-up order in respect of SLA pursuant to the Winding-Up Act is filed by the Attorney General of Canada or a winding-up order in respect of SLA pursuant to that Act is granted by a court; (ii) the Superintendent advises SLA in writing that the Superintendent has taken control of SLA or its assets pursuant to the Insurance Act; (iii) the Superintendent advises SLA in writing that the Superintendent is of the opinion that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; (iv) the Board of Directors advises the Superintendent in writing that SLA has a net Tier 1 capital ratio of less than 75% or an MCCR ratio of less than 120%; or (v) the Superintendent directs SLA pursuant to the Insurance Act to increase its capital or provide additional liquidity and SLA elects to cause the Automatic Exchange as a consequence of the issuance of such direction or SLA does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). SLA will mail notice of the occurrence of the Loss Absorption Event to the Trustee and the Indenture Trustee within 10 days of such event. Following the Automatic Exchange, holders of SLEECs immediately prior to the Automatic Exchange will cease to have any claim or entitlement to interest or principal against the Trust or any other rights as securityholders of the Trust.

The Automatic Exchange will occur as of 8:00 a.m. (Eastern time) (the “Exchange Time”) on the date that a Loss Absorption Event occurs and will be effected pursuant to the terms of the Share Exchange Agreement. As of the Exchange Time, each holder of SLEECs will be deemed to have exchanged and transferred to SLA all of such holder’s right, title and interest in and to its SLEECs and will cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person will therefrom be deemed to be and for all purposes will be a holder of SLA Exchange Preferred Shares. On the exchange, holders of SLEECs will receive 40 SLA Exchange Preferred Shares for each \$1,000 principal amount of SLEECs, together with the number of SLA Exchange Preferred Shares calculated by dividing the amount of accrued and unpaid interest, if any, on the SLEECs from and including the immediately preceding Interest Payment Date to but excluding the date the Loss Absorption Event occurs by the face amount of the SLA Exchange Preferred Shares.

If for any reason the Automatic Exchange does not result in the exchange of all SLEECs then outstanding for SLA Exchange Preferred Shares, the Trust will redeem each \$1,000 principal amount of SLEECs not so exchanged for consideration consisting of 40 SLA Exchange Preferred Shares, together with the number of SLA Exchange Preferred Shares calculated by dividing the amount of accrued and unpaid interest, if any, on each \$1,000 principal amount of the SLEECs from and including the immediately preceding Interest Payment Date to but excluding the date the Loss Absorption Event occurs by the face amount of the SLA Exchange Preferred Shares. Each holder of SLEECs so redeemed will cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person will therefrom and thereafter be deemed to be and for all purposes will be a holder of SLA Exchange Preferred Shares unless payment in the form of SLA Exchange Preferred Shares is not made. It will not be necessary for the Trust, in such circumstances, to provide any prior written notice of redemption to holders of SLEECs. The Trust will acquire the SLA Exchange Preferred Shares required by it for purposes of such redemption, if any, from SLA pursuant to the Subscription Right.

Upon an Automatic Exchange of the SLEECs for SLA Exchange Preferred Shares, SLA reserves the right not to issue SLA Exchange Preferred Shares to any Ineligible Person or to any person who would as a result of the Automatic Exchange become a Significant Shareholder. In such circumstances, the Exchange Trustee will hold, as agent of such Ineligible Persons and Significant Shareholders, all SLA Exchange Preferred Shares otherwise deliverable to them, and the Exchange Trustee will deliver such shares to a broker retained by SLA for the purpose of effecting a sale of such SLA Exchange Preferred Shares (to parties other than SLA and its affiliates) on behalf of such Ineligible Persons and Significant Shareholders. Such sales, if any, may be made at any time and any price. None of the Trust, the Trustee, the Exchange Trustee, SLA or SLF will be subject to any liability for failing to sell SLA Exchange Preferred Shares on behalf of any such Ineligible Persons or Significant Shareholders at any particular price on any particular day. The net proceeds received by the Exchange Trustee from the sale of any SLA Exchange Preferred Shares will be divided among the relevant Ineligible Persons and Significant Shareholders in proportion to the number of SLA Exchange Preferred Shares that would otherwise have been deliverable to them, after deducting the costs of sale and any applicable withholding taxes. The Exchange Trustee will make payment of the aggregate net proceeds to CDS (if the SLEECs are then held in the book-entry only system) or to the registrar

and transfer agent (in all other cases) for distribution to such Ineligible Persons and Significant Shareholders in accordance with CDS Procedures or otherwise.

If the Automatic Exchange were to occur and SLA Exchange Preferred Shares were issued in exchange for SLEECs as a result thereof, the cost-effective nature of the consolidated capital raised by SLA through the issuance of the SLEECs would be lost. Accordingly, it is in the interests of SLA and SLF to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond their control.

Status as Tier 1 Capital

The SLEECs have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the Capital Guidelines and as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm regulatory capital treatment for the SLEECs. On each Interest Payment Date in respect of which a Deferral Event has occurred, holders of SLEECs will be required to invest interest paid thereon in a new series of SLA Deferral Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of SLEECs. See “– Deferral Right”. In addition, upon the occurrence of a Loss Absorption Event, the SLEECs will be exchanged automatically for newly-issued SLA Exchange Preferred Shares. In each case, holders or former holders of SLEECs, as holders of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, will rank as preferred shareholders of SLA in a liquidation of SLA. See “– Automatic Exchange”.

Trust Redemption Right

On or after December 31, 2014, the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECs, redeem the SLEECs, in whole or in part. The redemption price per \$1,000 principal amount of SLEECs redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of SLEECs redeemed on any Interest Reset Date will be equal to par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash.

SLEECs redeemed by the Trust will be cancelled and not reissued.

Redemption on Tax or Regulatory Event

The Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the SLEECs, redeem all (but not less than all) of the SLEECs upon the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of SLEECs will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash.

SLEECs redeemed by the Trust will be cancelled and not reissued.

Purchase for Cancellation

On or after the date that is five years after the Closing Date, the SLEECs may be purchased, in whole or in part, by the Trust, at the direction of SLA, as the direct or indirect holder of the Voting Trust Units, and with the prior approval of the Superintendent, in the open market or by tender or private contract at any price. SLEECs purchased by the Trust will be cancelled and not reissued.

Subordination

The SLEECs will be direct unsecured obligations of the Trust, ranking at least equally with other subordinated indebtedness of the Trust from time to time issued and outstanding. In the event of the insolvency or

winding-up of the Trust, the indebtedness evidenced by SLEECs issued by the Trust will be subordinate in right of payment to the prior payment in full of all other liabilities of the Trust except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by the SLEECs.

The subordination provisions described herein are not likely to be relevant to holders of SLEECs in their capacity as creditors of the Trust since the Automatic Exchange provisions of the SLEECs will result in the SLEECs being exchanged for SLA Exchange Preferred Shares effective as of the Exchange Time. See “– Automatic Exchange” and “Risk Factors”.

Events of Default

An event of default in respect of the SLEECs will occur only if the Trust or SLA becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated. The event of default provisions of the SLEECs described herein are not likely to be relevant to holders of SLEECs in their capacity as creditors of the Trust since the Automatic Exchange provisions of the SLEECs will result in the SLEECs being exchanged for SLA Exchange Preferred Shares effective as of the Exchange Time. See “– Automatic Exchange” and “Risk Factors”.

If an event of default has occurred and is continuing, and the SLEECs have not already been automatically exchanged for SLA Exchange Preferred Shares, the Indenture Trustee in its discretion may declare, and upon the request of holders of not less than one-quarter of the principal amount of SLEECs then outstanding under the Trust Indenture will declare, the principal of and interest on all outstanding SLEECs to be immediately due and payable. There will be no right of acceleration in the case of a default in the performance of any covenant of the Trust in the Trust Indenture, although a legal action could be brought to enforce such covenant.

Resolutions Binding

The Trust Indenture permits holders of SLEECs to take action by ordinary resolution or extraordinary resolution (as each is defined in the Trust Indenture), including to waive an event of default or to agree to any change to the terms of the SLEECs. Any such resolutions will be binding on all holders of SLEECs.

Rights on Termination of the Trust

As long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, the Trust may only be terminated with the approval of the holder of the Voting Trust Units and, if required, with the prior approval of the Superintendent and SLA and SLF will not take any action to cause the termination of the Trust except (i) prior to December 31, 2014 upon the occurrence of a Tax Event or a Regulatory Event or (ii) on or after December 31, 2014 for any reason. The holders of SLEECs will not be entitled to initiate proceedings for the termination of the Trust.

So long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, neither SLA nor SLF will approve the termination of the Trust unless the Trust has sufficient funds to pay the redemption price of the SLEECs.

Additional Covenants

In addition to the Dividend Stopper Undertaking, SLA and SLF will covenant for the benefit of the holders of SLEECs, pursuant to the Share Exchange Agreement or the Assignment and Set-Off Agreement, as the case may be, that:

- (a) all of the outstanding Voting Trust Units will be held at all times by SLA;
- (b) as long as any SLEECs are outstanding and held by persons other than SLA or any of its affiliates, neither SLA nor SLF will take any action to cause the termination of the Trust except as set forth under “– Rights on Termination of the Trust” and (if required) only with the prior approval of the Superintendent;

- (c) as long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, SLA will not create or issue any preferred shares which, in the event of insolvency or winding-up of SLA, would rank in right of payment in priority to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares;
- (d) neither SLA nor SLF will assign or otherwise transfer any of its obligations under the Share Exchange Agreement or the Assignment and Set-Off Agreement, except in the case of a merger, consolidation, amalgamation or reorganization or a sale of substantially all of the assets of SLA or SLF;
- (e) if the SLEECs have not been exchanged for SLA Exchange Preferred Shares pursuant to the Automatic Exchange, SLA will not, without the prior approval of the Superintendent (if required) and the prior approval of holders of the SLEECs, amend any terms attaching to the SLA Exchange Preferred Shares, provided that the prior approval of the holders of SLEECs will not be required in the case of amendments relating to the SLA Preferred Shares as a class;
- (f) prior to the issuance of any SLA Deferral Preferred Shares in respect of a Deferral Event, SLA will not, without the prior approval of the Superintendent (if required) and the prior approval of holders of the SLEECs, amend any terms attaching to such SLA Deferral Preferred Shares, provided that the prior approval of the holders of SLEECs will not be required in the case of amendments relating to the SLA Preferred Shares as a class; and
- (g) as long as any SLEECs are outstanding and held by any person other than SLA or any of its affiliates, and SLA does not have SLA Public Preferred Shares outstanding, SLF will not declare cash dividends during an Interest Period on any Dividend Restricted Shares, unless SLA has declared a dividend on its Class B Non-Cumulative Preferred Shares Series A during the last 90 days preceding the commencement of that Interest Period.

Issue of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares in Connection with Automatic Exchange and Deferral Event

All corporate action necessary for SLA to issue SLA Exchange Preferred Shares and SLA Deferral Preferred Shares pursuant to the terms of the SLEECs will be completed prior to the closing of the Offering. The issuance of SLA Exchange Preferred Shares pursuant to certain of the terms of the SLEECs is subject to the prior approval of the Superintendent. An application for the foregoing approval has been filed by SLA but such approval has not yet been received.

Share Exchange Agreement

On closing of the Offering, SLA, SLF, the Trust and the Exchange Trustee, as trustee for the holders of the SLEECs, will enter into the Share Exchange Agreement providing for the grant of certain rights and obligations relating to the Automatic Exchange and Subscription Right. Pursuant to that agreement, SLA will grant to the Exchange Trustee, for the benefit of the holders of SLEECs, the right to exchange SLEECs for SLA Exchange Preferred Shares upon an Automatic Exchange and the Exchange Trustee on behalf of the holders of SLEECs will grant to SLA the right to exchange SLEECs for SLA Exchange Preferred Shares upon an Automatic Exchange. Pursuant to the Share Exchange Agreement, SLA will covenant to take or refrain from taking certain actions so as to ensure that holders of SLEECs will receive the benefit of the Automatic Exchange, including obtaining the requisite approval of holders of the SLEECs to any amendment to the provisions of the SLA Exchange Preferred Shares (other than any amendments relating to the SLA Preferred Shares as a class). See “– Additional Covenants” above.

Assignment and Set-Off Agreement

On closing of the Offering, SLA, SLF, the Trust and the Indenture Trustee, as bare trustee and nominee for and on behalf of the holders of SLEECs, will enter into the Assignment and Set-Off Agreement providing for the Dividend Stopper Undertaking and the grant of certain rights and obligations relating to the Deferral Event

Subscription. Pursuant to the Assignment and Set-Off Agreement, SLA and SLF will covenant to take or refrain from taking certain actions so as to ensure that holders of SLEECs will receive the benefit of the Deferral Event Subscription, including obtaining the requisite approval of holders of SLEECs to any amendment to the provisions of the SLA Deferral Preferred Shares (other than any amendments relating to the SLA Preferred Shares as a class).

Capital Reorganizations and Amalgamations

If there is a capital reorganization, consolidation, merger or amalgamation of SLA or a comparable transaction affecting the SLA Exchange Preferred Shares, the Share Exchange Agreement will provide that holders of SLEECs will be entitled to receive, pursuant to the Automatic Exchange and Subscription Right provisions, after the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the SLA Exchange Preferred Shares, the number of SLA Exchange Preferred Shares or other securities or consideration of SLA or of a corporation resulting, surviving or continuing from the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the SLA Exchange Preferred Shares, that such holder would have received had the Subscription Right been exercised or had its SLEECs been exchanged, pursuant to the Automatic Exchange, for SLA Exchange Preferred Shares immediately prior to the record date of the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the SLA Exchange Preferred Shares.

If, prior to the issuance of any SLA Deferral Preferred Shares, there is a capital reorganization, consolidation, merger or amalgamation of SLA or a comparable transaction affecting such unissued SLA Deferral Preferred Shares, the Assignment and Set-Off Agreement will provide that holders of SLEECs will be entitled to receive, upon a Deferral Event, after the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the unissued SLA Deferral Preferred Shares, the number of unissued SLA Deferral Preferred Shares or other securities or consideration of SLA or of a corporation resulting, surviving or continuing from the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the SLA Deferral Preferred Shares, that such holder would have received had the Deferral Event occurred immediately prior to the record date of the capital reorganization, consolidation, merger or amalgamation of SLA or comparable transaction affecting the SLA Deferral Preferred Shares.

Issue of Additional Trust Securities

The Trust may, at any time and from time to time, issue additional Voting Trust Units or subordinated debentures of any series without the authorization of holders of SLEECs. If the Trust issues additional series of subordinated debentures, the rights, privileges, restrictions and conditions attached to such additional series may vary materially from those of the SLEECs. In such event, the right of the holders of SLEECs to receive interest or principal may (or may not) rank *pari passu* with the rights of the holders of subordinated debentures of such other series.

Book-Entry Only Form

Unless otherwise provided below, the SLEECs will be issued in “book entry only” form and must be purchased, transferred or redeemed through Participants in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. On the Closing Date, the Trust will cause one or more global certificates representing the SLEECs to be delivered to, and registered in the name of, CDS. Except as described below, no holder of SLEECs will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder’s ownership thereof, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of SLEECs will receive a customer confirmation of purchase from the registered dealer from which the SLEECs are purchased in accordance with the practices and procedures of that registered dealer. The 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 SLEECs.

If (i) the book-entry only system ceases to exist, (ii) the Trust determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the SLEECs and the Trust is unable to locate a qualified successor or (iii) the Trust at its option elects, or is required by applicable law or the rules of any

securities exchange, to withdraw the SLEECs from the book-entry only system, then physical certificates representing the SLEECs will be issued to holders thereof or their nominees.

None of SLA, the Trustee, the Indenture Trustee, the Exchange Trustee or the Underwriters will assume any liability for (i) any aspect of the records relating to the beneficial ownership of the SLEECs held by CDS or the payments or deliveries relating thereto, (ii) maintaining, supervising or reviewing any records relating to the SLEECs or (iii) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of 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 SLEECs must look solely to Participants, for payments or deliveries made by or on behalf of the Trust or SLA to CDS in respect of the SLEECs.

Transfers

Transfers of ownership of the SLEECs will be effected only through records maintained by CDS for the SLEECs with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of SLEECs who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the SLEECs, may do so only through Participants. The ability of a holder to pledge SLEECs or otherwise take action with respect to such holder's interest in SLEECs (other than through a Participant) may be limited due to the lack of a physical certificate. See "Risk Factors — Risks Related to the SLEECs — Liquidity of and Dealings in SLEECs".

Payments and Deliveries

As long as CDS is the registered owner of the SLEECs, CDS will be considered the sole owner of the SLEECs for the purposes of receiving payments on the SLEECs or the delivery of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares upon the occurrence of an Automatic Exchange or Deferral Event, as applicable. Payments of interest in respect of SLEECs will be made by the Trust to CDS, as the registered holder of the SLEECs, and the Trust understands that such payments will be forwarded by CDS to Participants in accordance with CDS Procedures. Deliveries of SLA Exchange Preferred Shares in respect of the exercise or operation of the Automatic Exchange or SLA Deferral Preferred Shares in connection with a Deferral Event in the circumstances described under "– Automatic Exchange" and "– Deferral Right" will be made by SLA or the Trust, as the case may be, to CDS as the registered holder of the SLEECs and SLA and the Trust understand that such shares will be forwarded by CDS to Participants in accordance with CDS Procedures. As long as the SLEECs are held in the CDS book-entry only system, the responsibility and liability of the Trustee and/or SLA in respect of the SLEECs is limited to making payment of any amount due on the SLEECs and/or making delivery of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares in respect thereof to CDS.

Voting Trust Units

Pursuant to the Declaration of Trust, the Trust may issue an unlimited number of Voting Trust Units. SLA will at all times own all of the Voting Trust Units. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Voting Trust Units. This summary is qualified in its entirety by the provisions of the Declaration of Trust.

Voting Rights

The Declaration of Trust provides that a holder of Voting Trust Units is entitled to vote in respect of, among other things (i) the termination of the Trust as set forth under "– The SLEECs — Rights on Termination of the Trust", (ii) the removal and replacement of the Trustee and (iii) the removal and replacement of the Administrative Agent.

Distributions

SLA as holder of the Voting Trust Units, will be entitled to receive the net distributable funds on all Eligible Trust Assets, if any, of the Trust remaining after discharge of the obligations of the Trust to creditors, including the holders of the SLEECs.

Redemption, Repurchase

The Trust, with the consent of the holder of the Voting Trust Units, may redeem all or part of the Voting Trust Units at any time but will not redeem all unless there are no SLEECs outstanding and held by any person other than SLA or affiliates of SLA. In addition, SLA may require the Trust to repurchase at any time all, or from time to time part, of the Voting Trust Units but SLA may not require the Trust to repurchase all of the Voting Trust Units unless there are no SLEECs outstanding and held by any person other than SLA or affiliates of SLA. Any such redemption or repurchase shall only occur with the prior approval of the Superintendent, if such approval is required.

Rights on Termination of the Trust

In the event of a termination of the Trust, after the discharge of the obligations of the Trust to creditors, the holders of the Voting Trust Units, including SLA, will be entitled to the remaining property of the Trust.

DESCRIPTION OF THE SHARE CAPITAL OF SLA

The authorized capital of SLA consists of (i) an unlimited number of Class A shares without nominal or par value, issuable in series (the "SLA Class A Shares"), (ii) an unlimited number of Class B shares without nominal or par value, issuable in series (the "SLA Class B Shares"), (iii) an unlimited number of Class C shares without nominal or par value, issuable in series (the "SLA Class C Shares"), (iv) an unlimited number of Class D shares without nominal or par value, issuable in series (the "SLA Class D Shares"), (v) an unlimited number of Class E shares without nominal or par value, issuable in series (the "SLA Class E Shares") and (vi) an unlimited number of common shares without nominal or par value (the "SLA Common Shares"). As of the date of this prospectus, there were 40,000 Class B Non-Cumulative Preferred Shares Series A, 28,000,000 Class C Non-Cumulative Preferred Shares Series 1, 14,000,000 Class C Non-Cumulative Preferred Shares Series 2 and 389,179,546 SLA Common Shares outstanding, all of which are owned by SLF.

SLA Class A Shares

The SLA Class A Shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all SLA Class A Shares, the rights and restrictions attached to the SLA Class A Shares of each series. The SLA Class A Shares of each series rank on a parity with the SLA 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 SLA. The SLA Class A Shares rank equally with the SLA Class B Shares, the SLA Class C Shares and the SLA Class E Shares and are entitled to preference over the SLA Class D Shares, the SLA Common Shares and any other shares ranking junior to the SLA Class A Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the SLA 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 the SLA Class A Shares to be called and held for that purpose. The holders of SLA Class A Shares are not entitled to any voting rights except as provided by law.

SLA Class B Shares

The SLA Class B Shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all SLA

Class B Shares, the rights and restrictions attached to the SLA Class B Shares of each series. The SLA Class B Shares of each series rank on a parity with the SLA 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 SLA. The SLA Class B Shares rank equally with the SLA Class A Shares, the SLA Class C Shares and the SLA Class E Shares and are entitled to preference over the SLA Class D Shares, the SLA Common Shares and any other shares ranking junior to the SLA Class B Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the SLA 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 the SLA Class B Shares to be called and held for that purpose. The holders of SLA Class B Shares are not entitled to any voting rights except as provided by law.

SLA Class C Shares

The SLA Class C Shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all SLA Class C Shares, the rights and restrictions attached to the SLA Class C Shares of each series. The SLA Class C Shares of each series rank on a parity with the SLA Class C 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 SLA. The SLA Class C Shares rank equally with the SLA Class A Shares, the SLA Class B Shares and the SLA Class E Shares and are entitled to preference over the SLA Class D Shares, the SLA Common Shares and any other shares ranking junior to the SLA Class C Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the SLA Class C 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 the SLA Class C Shares to be called and held for that purpose. The holders of SLA Class C Shares are not entitled to any voting rights except as provided by law.

SLA Class D Shares

The SLA Class D Shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all SLA Class D Shares, the rights and restrictions attached to the SLA Class D Shares of each series. The SLA Class D Shares of each series rank on a parity with the SLA Class D 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 SLA. The SLA Class D Shares are entitled to preference over the SLA Common Shares and any other shares ranking junior to the SLA Class D Shares with respect to the payment of dividends and the return of capital but are subordinate to the SLA Class A Shares, the SLA Class B Shares, the SLA Class C Shares and the SLA Class E Shares and any other shares ranking senior to the SLA Class D Shares with respect to the payment of dividends and return of capital. The special rights and restrictions attaching to the SLA Class D 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 SLA Class D Shares to be called and held for that purpose. The holders of SLA Class D Shares are not entitled to any voting rights except as provided by law.

SLA Class E Shares

The SLA Class E Shares may be issued at any time or from time to time in one or more series as may be determined by the Board of Directors. The Board of Directors is authorized to fix before issue the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all SLA Class E Shares, the rights and restrictions attached to the SLA Class E Shares of each series. The SLA Class E Shares of each series rank on a parity with the SLA Class E 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 SLA. The SLA Class E Shares rank equally with the SLA Class A shares, the SLA Class B Shares and the SLA Class C Shares and are entitled to preference over the SLA Class D Shares, the SLA Common Shares and any other shares ranking junior to the SLA Class E Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the SLA Class E 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 SLA Class E Shares to be called and held for that purpose. The holders of SLA Class E Shares are not entitled to any voting rights except as provided by law.

DESCRIPTION OF SLA EXCHANGE PREFERRED SHARES AND SLA DEFERRAL PREFERRED SHARES

The following is a summary of the rights, privileges, restrictions and conditions attaching to the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares. This summary is qualified in its entirety by the by-laws of SLA and the actual terms and conditions of the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares, respectively.

Issue Price

The SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares will have an issue price of \$25.00 per share.

Dividends

Holders of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares will be entitled to receive quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors and subject to the provisions of the Insurance Act, equal to the Perpetual Preferred Share Rate, payable on each quarterly dividend payment date, subject to any applicable withholding tax. If the Board of Directors does not declare the dividends, or any part thereof, on the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares on or before the dividend payment date for a particular quarterly period, the rights of the holders of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares to receive such dividends, or any part thereof, for such quarterly period will be extinguished.

Redemption

The SLA Exchange Preferred Shares will not be redeemable by SLA on or prior to the date that is five years from the Closing Date. After that date, but subject to the provisions of the Insurance Act and prior approval of the Superintendent and the provisions described below under “– Restrictions on Dividends and Retirement of Shares”, SLA may redeem at any time all, or from time to time any part, of the outstanding SLA Exchange Preferred Shares, without the consent of the holders, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share, if redeemed on or prior to November 30, 2015; (ii) \$25.75 per share, if redeemed after November 30, 2015 and on or prior to November 30, 2016; (iii) \$25.50 per share, if redeemed after November 30, 2016 and on or prior to November 30, 2017; (iv) \$25.25 per share, if redeemed after November 30, 2017 and on or prior to November 30, 2018; or (v) \$25.00 per share, if redeemed after November 30, 2018, together, in each case, with any declared and unpaid dividends on the SLA Exchange Preferred Shares to the date of the redemption, subject to any applicable withholding tax.

The SLA Deferral Preferred Shares will not be redeemable by SLA on or prior to the date that is five years from the date of issuance of such shares. After that date, but subject to the provisions of the Insurance Act and prior approval of the Superintendent and the provisions described below under “– Restrictions on Dividends and Retirement of Shares”, SLA may redeem at any time all, or from time to time any part, of the outstanding SLA Deferral Preferred Shares, without the consent of the holders, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share, if redeemed on or prior to the sixth anniversary of issuance; (ii) \$25.75 per share, if redeemed after the sixth anniversary of issuance and on or prior to the seventh anniversary of issuance; (iii) \$25.50 per share, if redeemed after the seventh anniversary of issuance and on or prior to the eighth anniversary of issuance; (iv) \$25.25 per share, if redeemed after the eighth anniversary of issuance and on or prior to the ninth anniversary of issuance; or (v) \$25.00 per share, if redeemed after the ninth anniversary of issuance, together, in each case, with any declared and unpaid dividends on the SLA Deferral Preferred Shares to the date of the redemption, subject to any applicable withholding tax.

Written notice of any redemption will be given by SLA at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, are at any time to be redeemed, the shares to be redeemed will be selected *pro rata* or in such other manner as the Board of Directors may determine.

Conversion into Another Series of SLA Preferred Shares

SLA may, at any time by resolution of the Board of Directors, constitute a separate series of SLA Preferred Shares (the “New Preferred Shares”) having rights, privileges, restrictions and conditions attaching to them, which would qualify such New Preferred Shares as Tier 1 capital of SLA under the then current capital adequacy guidelines established by the Superintendent. In such event, SLA may, with the consent of the Superintendent, give registered holders of the SLA Exchange Preferred Shares and/or the SLA Deferral Preferred Shares notice that they have the right, pursuant to the terms of the SLA Exchange Preferred Shares and/or the SLA Deferral Preferred Shares, as applicable, at their option, to convert their SLA Exchange Preferred Shares and/or the SLA Deferral Preferred Shares on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share-for-share basis. SLA will give notice of an option to convert to registered holders not more than 60 days and not less than 30 days prior to the conversion date.

Upon exercise by the holder of this right to convert the SLA Exchange Preferred Shares and/or the SLA Deferral Preferred Shares into New Preferred Shares, SLA reserves the right not to issue New Preferred Shares to any person whose address is in, or whom SLA or its transfer agent has reason to believe is a resident of any jurisdiction outside Canada, to the extent that such issue would require SLA to take any action to comply with the securities, insurance or analogous laws of such jurisdiction.

Presentation for Conversion, Redemption or Sale

A conversion, redemption or sale of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, will be effected by the holder transferring such holder’s SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares to be converted, redeemed or sold, as the case may be, to the account of SLA in CDS (or, if the SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares are not then issued in book-entry only form, by depositing with the transfer agent for the SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares, at one of its principal offices, certificates representing such SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares).

Purchase for Cancellation

On or after the date that is five years after the Closing Date in the case of the SLA Exchange Preferred Shares, and on or after the date that is five years after the date of issuance of such shares in the case of the SLA Deferral Preferred Shares, but, in either case, subject to prior approval of the Superintendent and to the provisions described below under “– Restrictions on Dividends and Retirement of Shares”, SLA may at any time purchase for cancellation any SLA Exchange Preferred Shares or SLA Deferral Preferred Shares in the open market or by tender or private contract at any price. Any such shares purchased by SLA will be cancelled and not reissued.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of SLA, the holders of the SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares will be entitled to receive \$25.00 per share, together with any declared and unpaid dividends to the date of payment, before any amounts will be paid or any assets of SLA distributed to the holders of SLA Common Shares or any shares ranking junior to the SLA Exchange Preferred Shares or Deferral Preferred Shares. The holders of the SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares will not be entitled to share in any further distribution of the property or assets of SLA.

Restrictions on Dividends and Retirement of Shares

As long as any SLA Exchange Preferred Shares or SLA Deferral Preferred Shares are outstanding, SLA will not, without the approval of the holders of the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares, as applicable:

- (a) declare, pay or set apart for payment any dividend on the SLA Common Shares or any other shares ranking junior to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares (other than stock dividends in any shares ranking junior to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares);
- (b) redeem, purchase or otherwise retire any SLA Common Shares or any other shares ranking junior to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares);
- (c) redeem, purchase or otherwise retire less than all the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of preferred shares of SLA, redeem, purchase or otherwise retire any other shares ranking on a parity with the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares;

unless, in each case, all dividends on the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares 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 prior to or on a parity with the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares 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.

Issue of Additional Series of SLA Preferred Shares

SLA may issue other series of SLA Preferred Shares without the authorization of the holders of the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares, as applicable.

In particular, SLA may issue and SLF may purchase or arrange for the purchase of additional SLA Preferred Shares to ensure that, on any vote of holders of SLA Preferred Shares, no person other than SLF will hold sufficient SLA Preferred Shares to determine the outcome of any vote.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares, respectively, may be given in writing by holders of all of the outstanding SLA Exchange Preferred Shares and SLA Deferral Preferred Shares, as applicable, 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 SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, at which 25% of the outstanding SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, is represented or, if no quorum is present at such meeting, at a meeting following such adjourned meeting at which no quorum requirement would apply. Pursuant to the Share Exchange Agreement and the Assignment and Set-Off Agreement, SLA will covenant that, for so long as the SLEECs are outstanding, no amendment will be made to the rights, privileges, restrictions and conditions of the SLA Exchange Preferred Shares or any unissued SLA Deferral Preferred Shares, respectively (other than any amendments relating to the SLA Preferred Shares as a class), without the prior approval of the Superintendent (if required) and the prior approval of 66 2/3% of the holders of the SLEECs. In addition to the aforementioned approval, SLA may from time to time with the approval of the Superintendent, make such changes

which might affect the classification afforded to the SLA Exchange Preferred Shares and/or SLA Deferral Preferred Shares for capital adequacy requirements pursuant to the Insurance Act.

Voting Rights

Subject to applicable law, the holders of the SLA Exchange Preferred Series or SLA Deferral Preferred Shares, as applicable, will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of SLA unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under “– Restrictions on Dividends and Retirement of Shares”. In that event, the holders of the SLA Exchange Preferred Series or SLA Deferral Preferred Shares, as applicable, 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 SLA Exchange Preferred Shares and SLA Deferral Preferred Shares will forthwith cease upon payment by SLA of the first dividend on the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares to which the holders are entitled after the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, have again become extinguished, such voting rights will become effective again and so on from time to time.

Tax Election

The SLA Exchange Preferred Shares and SLA Deferral Preferred Shares will be “taxable preferred shares” (as defined in the Tax Act) for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares. The terms of the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares of each series will require SLA to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the SLA Exchange Preferred Shares or SLA Deferral Preferred Shares. See “Canadian Federal Income Tax Considerations”.

Book-Entry Only Form

Unless SLA elects otherwise, the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares will be issued in “book-entry only” form and, subject to the limitations applicable to the SLA Deferral Preferred Shares described under “Description of the Trust Securities – Deferral Right”, may be purchased, held and transferred in substantially the same manner as the SLEECs. See “Description of the Trust Securities — SLEECs — Book-Entry Only Form”.

SLF GUARANTEE

The following is a summary of the SLF Guarantee. This summary is qualified in its entirety by the actual terms and conditions of the Preferred Share Guarantee Agreement, a copy of which is available electronically at www.sedar.com.

Description

The Preferred Share Guarantee Agreement provides that, if SLA fails to pay any dividend declared or redemption amount due on its preferred shares or becomes subject to a winding-up order under the Winding-Up Act, SLF will pay to SLA, in trust for the benefit of holders of the affected SLA preferred shares, a Deficiency Payment. Deficiency Payment means a payment calculated as follows:

- (a) if at the date of determination a winding-up order has been made with respect to SLF, then the Deficiency Payment will be the amount that, when paid to the holders of SLA’s preferred shares outstanding as of the relevant event giving rise to the SLF Guarantee, will result in:

- (i) the holders of SLA's Class A, Class B, Class C and Class E preferred shares outstanding as of such event receiving payment of the same proportion of the unpaid amounts on such shares as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of SLF, if any, pursuant to section 95(1) of the Winding-Up Act ranked on a parity with the claims of the holders of SLF's Class A preferred shares; and
 - (ii) the holders of SLA's Class D preferred shares outstanding as of such event receiving payment of the same proportion of the unpaid amounts on such shares as the holders of such shares would have received had their claim to such unpaid amounts on the final distribution of surplus of SLF, if any, pursuant to section 95(1) of the Winding-Up Act ranked on a parity with the claims of the holders of SLF's Class B preferred shares; and
- (b) in all circumstances other than those listed above, the Deficiency Payment will be the amount equal to the aggregate unpaid amounts attributable to the affected SLA preferred shares outstanding as of the relevant event giving rise to the SLF Guarantee.

In circumstances where SLF is not the subject of a winding-up order, the Preferred Share Guarantee Agreement will entitle a holder of SLA preferred shares to receive payment from SLF within 15 days of any failure by SLA to pay a declared dividend or to pay the redemption price for such SLA preferred shares and, in the case of any amount remaining unpaid with respect to the preference of the SLA preferred shares upon a winding-up of SLA, within 15 days of the later of the date of the final distribution of property of SLA to its creditors and the date of the final distribution of surplus of SLA, if any, to its shareholders. In circumstances where SLF is the subject of a winding-up order, the Preferred Share Guarantee Agreement will entitle a holder of SLA preferred shares to receive payment from SLF within 15 days of the determination of the final distribution of surplus from SLF, if any, to SLF's shareholders. SLF's obligation to make any Deficiency Payment under the Preferred Share Guarantee Agreement is subordinate to all outstanding indebtedness and liabilities of SLF unless otherwise provided by the terms of the instrument creating or evidencing any such liability. In the event that a failure by SLA to pay declared dividends, the redemption price or the liquidation preference of SLA preferred shares at a time when SLF is subject to a winding-up order, the Preferred Share Guarantee Agreement has been structured so that the amount payable by SLF under the Preferred Share Guarantee Agreement will be subject to reduction such that the claims of holders of the respective class of SLA preferred shares under the Preferred Share Guarantee Agreement will, in effect, rank equally with the claims of holders of the respective class of SLF Preferred Shares to any surplus assets of SLF remaining for distribution.

The effect, if granted, of the exemptive relief sought by the Trust from certain continuous disclosure requirements that would otherwise apply to it and of the SLF Guarantee is that SLA will also be exempt from similar continuous disclosure requirements. SLA will not be required to file interim financial statements, annual and interim management's discussion and analysis, annual information forms, material change reports in respect of changes that are also material changes in the affairs of SLF and Chief Executive Officer and Chief Financial Officer certifications, but will continue to file annual audited financial statements.

The Preferred Share Guarantee Agreement applies in respect of any SLA Class A, Class B, Class C, Class D and Class E shares outstanding from time to time, other than those held by SLF or its affiliates. There are no outstanding SLA preferred shares not held by SLF at the date of this prospectus. The Original SLEECs Series A and Series B are exchangeable into Class A Non-Cumulative Preferred Shares Series Z and Series X, respectively, at any time and are automatically exchangeable into Class A Non-Cumulative Preferred Shares Series Y and Series W, respectively, in certain circumstances described in the prospectuses of Sun Life Capital Trust dated October 11, 2001 and June 18, 2002, respectively. Assuming the Preferred Share Guarantee Agreement has not been terminated as described below, the Preferred Share Guarantee Agreement will apply to the SLA Preferred Shares issuable upon a Deferral Event or an Automatic Exchange.

The Preferred Share Guarantee Agreement will terminate (subject to any existing rights or claims at the time of such termination) upon the earlier to occur of: (i) unless SLF and SLA agree to the contrary, the date that no SLA securities which are the subject of such guarantee (or securities convertible into or exchangeable for such securities) are outstanding; (ii) the date that SLF no longer owns all of the outstanding common shares of SLA;

(iii) the date that SLA is no longer exempt from filing certain continuous disclosure materials with Canadian securities regulatory authorities; or (iv) the date SLA commences filing its own continuous disclosure materials with Canadian securities regulatory authorities, other than audited annual financial statements or material change reports in respect of material changes that are not also material changes in the affairs of SLF.

Consolidating Summary Financial Information

The following tables set forth the selected summary financial information for SLF as at and for the years ended December, 31 2008 and 2007 and the nine months ended September 30, 2009 and 2008, presented with a separate column for (i) SLF, (ii) the Trust, (iii) SLA, (iv) other subsidiaries of SLF on a combined basis, (v) consolidation adjustments, and (vi) total consolidated amounts.

As at and for the years ended December 31, 2008 and 2007
(\$ in millions)

	SLF (Guarantor) (Unconsolidated)		Trust ⁽¹⁾ (Issuer)		SLA (Consolidated)		Other Subsidiaries of SLF (Combined)		Consolidation Adjustments		SLF (Consolidated)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	\$ 518	\$ 217	-	-	\$ 13,290	\$ 15,154	\$ 2,689	\$ 6,445	\$ (934)	\$ (628)	\$ 15,563	\$ 21,188
Shareholders' net income	\$ 855	\$ 2,288	-	-	\$ 1,506	\$ 1,389	\$ (814)	\$ 858	\$ (692)	\$ (2,247)	\$ 855	\$ 2,288
Invested assets.....	\$ 20,393	\$ 20,352	-	-	\$ 81,169	\$ 77,928	\$ 24,103	\$ 23,586	\$ (18,787)	\$ (18,846)	\$ 106,878	\$ 103,020
Total other assets....	\$ 4,844	\$ 5,798	-	-	\$ 10,912	\$ 9,505	\$ 8,942	\$ 10,925	\$ (11,743)	\$ (14,957)	\$ 12,955	\$ 11,271
Actuarial and other policy liabilities.....	\$ -	\$ -	-	-	\$ 65,954	\$ 64,502	\$ 15,484	\$ 15,175	\$ (27)	\$ 153	\$ 81,411	\$ 79,830
Total other liabilities	\$ 7,934	\$ 9,028	-	-	\$ 15,729	\$ 13,049	\$ 12,242	\$ 13,359	\$ (14,892)	\$ (18,192)	\$ 21,013	\$ 17,244

(1) There is no financial information for the Trust for the periods presented above because the Trust was formed on November 6, 2009.

As at and for the nine months ended September 30, 2009 and 2008
(\$ in millions)

	SLF (Guarantor) (Unconsolidated)		Trust ⁽¹⁾ (Issuer)		SLA (Consolidated)		Other Subsidiaries of SLF (Combined)		Consolidation Adjustments		SLF (Consolidated)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	\$ 67	\$ 273	-	-	\$ 16,012	\$ 8,678	\$ 6,487	\$ 2,539	\$ 13	\$ (633)	\$ 22,579	\$ 10,857
Shareholders' net income	\$ 296	\$ 709	-	-	\$ 434	\$ 817	\$ (83)	\$ (195)	\$ (351)	\$ (622)	\$ 296	\$ 709
Invested assets.....	\$ 21,288	\$ 19,953	-	-	\$ 81,787	\$ 76,746	\$ 24,209	\$ 22,301	\$ (19,850)	\$ (18,254)	\$ 107,434	\$ 100,746
Total other assets....	\$ 4,366	\$ 6,306	-	-	\$ 10,362	\$ 10,939	\$ 11,230	\$ 11,804	\$ (13,885)	\$ (16,584)	\$ 12,073	\$ 12,465
Actuarial and other policy liabilities.....	\$ -	\$ -	-	-	\$ 68,105	\$ 63,374	\$ 15,943	\$ 14,154	\$ 91	\$ 28	\$ 84,139	\$ 77,556
Total other liabilities	\$ 8,423	\$ 9,740	-	-	\$ 13,595	\$ 14,773	\$ 13,179	\$ 14,191	\$ (17,167)	\$ (19,668)	\$ 18,030	\$ 19,036

(1) There is no financial information for the Trust for the periods presented above because the Trust was formed on November 6, 2009.

DESCRIPTION OF THE SLA DEBENTURE

The following is a summary of the terms and conditions attaching to the SLA Debenture. This summary is qualified in its entirety by the terms of the SLA Debenture.

Interest and Maturity

The SLA Debenture will be dated the Closing Date and will mature on December 31, 2108. From the Closing Date until December 31, 2108, SLA will pay interest on the SLA Debenture in equal (subject to the reset of the interest rate and except for the first interest payment) semi-annual instalments on June 30 and December 31 of each year, with the first payment due on June 30, 2010. From the Closing Date to but excluding December 31, 2019, the interest rate on the SLA Debenture will be fixed at 6.063% per annum. Assuming the SLA Debenture is issued on November 20, 2009, the first interest payment on the SLA Debenture due on June 30, 2010 will be approximately \$37.125 per \$1,000 principal amount of the SLA Debenture. Each interest payment on the SLA Debenture after the first interest payment (subject to the reset of the interest rate from and after December 31, 2019) will be in the amount of \$30.315 per \$1,000 principal amount of the SLA Debenture. Starting on December 31, 2019, and on every Interest Reset Date thereafter, the interest rate on the SLA Debenture will be reset at an interest rate per annum equal to the Government of Canada Yield plus 3.60%.

In addition to the SLA Debenture, the Trust may acquire other Eligible Assets from time to time, including one or more interest-bearing debentures from SLA (each, a "Funding Debenture"). The proceeds from the subscription by SLA for Voting Trust Units of \$1,000,000 pursuant to the Subscription Agreement will be used by the Trust to pay its expenses of the Offering. The Trust will also borrow the necessary amount from SLA under the Credit Facility to fund any other expenses.

Redemption at the Option of SLA

On or after December 31, 2014, SLA may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holder of the SLA Debenture, redeem the SLA Debenture, in whole or in part.

The redemption price per \$1,000 principal amount of the SLA Debenture redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the SLA Debenture Canada Yield Price, and the redemption price per \$1,000 principal amount of the SLA Debenture redeemed on any Interest Reset Date will be par, together, in either case, with accrued and unpaid interest to but excluding the date fixed for redemption. The redemption price payable by SLA in each instance will be paid in cash.

If SLA has redeemed the SLA Debenture, in whole or in part, the Trust will be required to redeem a corresponding principal amount of SLEECs. It is the intention of the Trust to use the proceeds of redemption received in respect of the SLA Debenture to make payment to the holders of the SLEECs to be redeemed, as required.

Redemption on Tax or Regulatory Event

SLA may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holder of the SLA Debenture, redeem all (but not less than all) of the SLA Debenture upon the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of the SLA Debenture so redeemed will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption. The redemption price payable by SLA will be paid in cash.

Events of Default

An event of default in respect of the SLA Debenture will occur only if SLA becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated. The event of default provisions of the SLA Debenture described herein are not likely to be relevant to holders of SLEECs since the Automatic Exchange

provisions of the SLEECs will result in the SLEECs being exchanged for SLA Exchange Preferred Shares effective as of the Exchange Time. Failure by SLA to make payments or to satisfy its other obligations under the SLA Debenture will not entitle the Trust to accelerate the SLA Debenture, although a legal action can be brought to enforce such covenant.

Priority of the SLA Debenture

The SLA Debenture will rank on a parity with all other unsubordinated unsecured indebtedness of SLA other than obligations owed to policyholders and certain other specified claimants as provided in the Winding-Up Act. Upon any distribution of assets of SLA to creditors upon any dissolution, winding-up, liquidation, reorganization, bankruptcy or insolvency, all principal and accrued interest due on the SLA Debenture must be paid in full before holders of junior or subordinated debentures are entitled to receive any payment. If a liquidation, dissolution or winding-up of SLA occurs, the SLA Debenture will rank in priority to any shares and subordinated indebtedness of SLA with respect to payments and the distribution of assets.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to SLA and the Trust, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of SLEECs who acquires SLEECs under the Offering and who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm's length with and is not affiliated with SLA and the Trust, holds the SLEECs and will hold any SLA Exchange Preferred Shares and any SLA Deferral Preferred Shares as capital property and is not exempt from tax under Part I of the Tax Act. Generally, the SLEECs, SLA Exchange Preferred Shares and SLA Deferral Preferred Shares will be considered to constitute capital property to a holder provided that the holder does not hold the SLEECs, SLA Exchange Preferred Shares or SLA Deferral Preferred Shares in the course of carrying on a business of trading or dealing in securities or otherwise as part of a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their SLEECs, SLA Exchange Preferred Shares or SLA Deferral Preferred Shares as capital property may, in certain circumstances, be entitled to have the SLEECs, SLA Exchange Preferred Shares or SLA Deferral Preferred Shares and other "Canadian securities" as defined in the Tax Act treated as capital property by making the irrevocable election permitted under subsection 39(4) of the Tax Act.

This summary is not applicable to a purchaser an interest in which is a "tax shelter investment", as defined in the Tax Act, to a purchaser who has elected to determine its Canadian tax results in a "functional currency" (which does not include Canadian currency), as defined in the Tax Act, or to a purchaser who is a "financial institution", as defined in the Tax Act, for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules). Such purchasers should consult their own tax advisors. Furthermore, the part of this summary dealing with the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares does not apply to a corporation that receives (or is deemed to receive), alone or together with "specified persons" in relation to the corporation, in the aggregate dividends in respect of more than 10% of the SLA Exchange Preferred Shares or any series of SLA Deferral Preferred Shares outstanding at the time a dividend is (or is deemed to be) paid or received. "Specified person" in relation to a particular corporation means another person with whom the corporation does not deal at arm's length or any partnership or trust of which the corporation or any person with whom the corporation does not deal at arm's length is a member or beneficiary, respectively. This summary also assumes that all issued and outstanding SLA Exchange Preferred Shares and SLA Deferral Preferred Shares are listed on a designated stock exchange in Canada (as defined in the Tax Act) at such time as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder in force as of the date hereof and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and takes into account an advance income tax ruling issued by the Canada Revenue Agency (the "CRA") in respect of the SLEECs and counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing by the CRA prior to the date hereof. This summary is not exhaustive of all Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in

law or CRA administrative policies and assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. While this summary assumes that the Tax Proposals will be enacted in the form proposed, no assurance can be given that this will be the case.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular holder and no representation with respect to the income tax consequences to any particular holder is made. Prospective purchasers of SLEECs should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of SLEECs having regard to their own particular circumstances.

SLEECs

Interest on the SLEECs

A holder of SLEECs that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest or amount that is considered for the purposes of the Tax Act to be interest on the SLEECs that accrued to it to the end of the year or became receivable or was received by it before the end of the year, to the extent that the interest (or amount considered to be interest) was not included in computing its income for a preceding taxation year.

A holder of SLEECs (other than a holder referred to in the previous paragraph) will be required to include in computing the holder's income for a taxation year any amount received or receivable (depending upon the method regularly followed by the holder in computing income) by the holder as interest or that is considered to be interest in the year on the SLEECs, to the extent that such amount was not included in computing the holder's income for a preceding taxation year.

For purposes of the foregoing, any interest paid includes interest that is required to be invested in SLA Deferral Preferred Shares. The cost of any SLA Deferral Preferred Shares acquired on the investment of interest paid on the SLEECs in such shares as a result of a Deferral Event will be the subscription amount of each such share.

Dispositions

On a disposition or deemed disposition of SLEECs, including a purchase or redemption by the Trust, an Automatic Exchange, or a repayment by the Trust upon maturity, a holder will generally be required to include in computing its income for the taxation year in which the disposition or deemed disposition occurred the amount of interest (including amounts considered to be interest) that has accrued on the SLEECs to the date of disposition or deemed disposition to the extent that such amount has not otherwise been included in computing the holder's income for the year in which the disposition or deemed disposition occurred or a preceding taxation year. In addition, any premium paid by the Trust to a holder on the redemption of SLEECs will be deemed to be received by such holder as interest on the SLEECs and will be required to be included in computing the holder's income, as described above, at the time of the redemption to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that, but for the redemption, would have been paid or payable by the Trust on the SLEECs for a taxation year ending after the redemption and to the extent not otherwise included in computing the holder's income for that taxation year or a previous taxation year.

In general, on a disposition or deemed disposition of SLEECs, a holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such SLEECs to the holder immediately before the disposition or deemed disposition. On an Automatic Exchange, the proceeds of disposition will be the fair market value of the SLA Exchange Preferred Shares received on such exchange and the cost of such SLA Exchange Preferred Shares received on such exchange will be the fair market value of each such share. In general, where a holder has disposed of SLEECs at fair market value, there may

be deducted in computing the holder's income the amount of accrued interest included in the holder's income to the extent such amount was not received or receivable by the holder in the year of disposition or a previous year. See - "Taxation of Capital Gains and Capital Losses".

Assignment and Set-Off Agreement and Share Exchange Agreement

SLA and the Exchange Trustee have been advised by Scotia Capital Inc. that the value to holders of the rights under each of the Share Exchange Agreement and the Assignment and Set-Off Agreement, including the Automatic Exchange and the Deferral Event Subscription, is nominal and, therefore, SLA is of the view that no amount should be allocated to such rights. However, this determination is not binding on the CRA.

SLA Exchange Preferred Shares and SLA Deferral Preferred Shares

Dividends

Dividends (including deemed dividends) received on the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares 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 applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rates applicable to any dividends designated by SLA as eligible dividends in accordance with the provisions of the Tax Act. Dividends (including deemed dividends) on the SLA Exchange Preferred Shares and/or the SLA Deferral Preferred Shares received by a corporation will be included in computing its income and generally will be deductible in computing its taxable income.

The SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares. The terms of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares require SLA to make an election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the SLA Exchange Preferred Shares or the SLA Deferral 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 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dispositions

A holder of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares who disposes of or is deemed to dispose of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares (including on a redemption for cash or other acquisition by SLA), 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 thereof immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or acquisition by SLA of the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares (described below) generally will not be included in computing a holder's proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. If the holder is a corporation, any capital loss realized on a disposition or deemed disposition of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. See - "Taxation of Capital Gains and Capital Losses".

Redemption or Acquisition by SLA

If SLA redeems for cash or otherwise acquires the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares, 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 SLA, 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. In the case of a corporate shareholder, 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.

Taxation of Capital Gains and Capital Losses

Generally, a holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “taxable capital gain”) realized by the holder in the year. Subject to and in accordance with the provisions of the Tax Act, a holder is required to deduct one half of the amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the holder in the year and allowable capital losses in the taxation year in excess of taxable capital gains in the taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Additional Refundable Tax

A holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income including amounts in respect of income from property and taxable capital gains.

PLAN OF DISTRIBUTION

Pursuant to an agreement (the “Underwriting Agreement”) dated November 17, 2009 between the Trust, SLA, SLF and Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and TD Securities Inc. (collectively, the “Underwriters”), the Trust has agreed to sell, and the Underwriters have agreed to purchase, on November 20, 2009 or on such other date not later than December 11, 2009 as may be agreed upon, all but not less than all of the \$500,000,000 principal amount of SLEECs at a price of \$1,000 per \$1,000 principal amount of SLEECs, subject to the terms and conditions set forth therein. The Trust has agreed to pay to the Underwriters a fee per \$1,000 principal amount of SLEECs of \$10 with respect to SLEECs sold for an aggregate Underwriters’ fee of \$5,000,000.

The Underwriting Agreement provides that, in the event an Underwriter fails to purchase the SLEECs that it has severally agreed to purchase under the Underwriting Agreement, the other Underwriters will be severally obligated to purchase those SLEECs in accordance with their respective percentages provided that, if the percentage of the total number of SLEECs in respect of which such failure occurs exceeds a specified level, the other Underwriters shall have the right but not the obligation to purchase severally those SLEECs.

The Underwriting Agreement also provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events. The Underwriters have agreed, subject to the terms and conditions set forth in the Underwriting Agreement, to purchase all of the SLEECs to be purchased by them if any of the SLEECs being sold pursuant to the Underwriting Agreement are purchased.

The Underwriters propose to offer the SLEECs initially at a price of \$1,000 per \$1,000 principal amount of SLEECs (the “Offering Price”). After a reasonable effort has been made to sell all of the SLEECs at the Offering Price, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the

SLEECS are offered to an amount not greater than the Offering Price. Any change to the Offering Price will not affect the net proceeds to the Trust from the Offering.

The Offering is being made concurrently in all provinces and territories of Canada. The SLEECS have not been and will not be registered under the 1933 Act or any state securities laws. The Underwriters have agreed not to offer for sale or sell the SLEECS in the United States or to any U.S. Person.

The Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase SLEECS. 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 by-laws and rules of the TSX 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 provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. Pursuant to the first mentioned exception, in connection with this Offering and subject to applicable law, the Underwriters may effect the transactions which stabilize or maintain the market price of such securities at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RATINGS

The SLEECS are provisionally rated A (high) by DBRS and P-1 by S&P on its Canadian preferred share rating scale and A+ on its global preferred share rating scale. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization.

The “A” rating assigned to the SLEECS is the third highest rating of DBRS’s nine rating categories, which range from AAA to C. “P-1” is the third highest of the eighteen categories used by S&P in its Canadian national preferred share rating scale and an “A” rating by S&P is the third highest of the ten rating categories, which range from AAA to D used by S&P in its global scale. DBRS uses “high” and “low” designations to indicate the relative standing of the securities being rated within a particular rating category and S&P uses the “High”, “Mid” and “Low” designations for its Canadian national preferred share scale and the + or – designations for its global scale. Prospective purchasers of the SLEECS should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of any particular securities for any particular investor. The credit ratings assigned to the SLEECS are not a recommendation to purchase, hold or sell the SLEECS. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings. Ratings may be revised or withdrawn at any time by the respective rating organization.

USE OF PROCEEDS

The gross proceeds to the Trust from the Offering of \$500,000,000 will be used to acquire the SLA Debenture from SLA. SLA, in turn, intends to use the proceeds from the issue of the SLA Debenture for general corporate purposes, including investment in affiliates. SLA expects that the proceeds from the sale of the SLEECS will qualify as regulatory capital of SLA (assuming the Superintendent approves the inclusion of SLEECS as regulatory capital of SLA).

MATERIAL CONTRACTS

The material contracts entered into or to be entered into by the Trust, SLA or SLF in connection with the Offering, or to which they are a party and relevant to the Offering, are as follows:

1. the Trust Indenture described under “Description of the Trust Securities — SLEECS”;
2. the Administration Agreement described under “The Trust — The Administrative Agent”;

3. the Declaration of Trust described under “The Trust”;
4. the Debenture Purchase Agreement and the Funding Debenture Purchase Agreement described under “The Trust - Activities of the Trust”;
5. the Share Exchange Agreement described under “Description of the Trust Securities — SLEECs — Share Exchange Agreement”;
6. the Assignment and Set-Off Agreement described under “Description of the Trust Securities — SLEECs — Assignment and Set-Off Agreement”;
7. the Credit Facility described under “The Trust — Liquidity”;
8. the Subscription Agreement described under “Description of the SLA Debenture — Interest and Maturity”;
9. the Preferred Share Guarantee Agreement described under “SLF Guarantee”; and
10. the Underwriting Agreement described under “Plan of Distribution”.

RISK FACTORS

Prospective investors should carefully consider the risks described below before deciding whether to invest in SLEECs. Investors should also carefully consider risks described in other filings SLF makes with securities or insurance regulators including, without limitation, the Management’s Discussion and Analysis contained in SLF’s 2008 annual report incorporated by reference in this prospectus. These analyses discuss, among other things, certain known material trends and events, and risks or uncertainties, that have had a material effect on, and may reasonably be expected to have a material effect on, SLF’s business, financial condition or results of operations, including legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where SLF and its subsidiaries operate.

Risks Related to the SLEECs

Dependence on Performance and Capital Levels of SLA

The purchase of SLEECs involves risk with respect to the performance and capital levels of SLA. An investment in SLEECs could be replaced in certain circumstances, without the consent of the holders, by an investment in SLA Exchange Preferred Shares and holders may in certain circumstances be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. An investment in SLA is subject to certain risks that are distinct from the risks associated with an investment in the Trust, including the general risks inherent in equity investments in a life insurance company.

In the event of a decline in the performance and capital levels of SLA or SLA becoming insolvent or bankrupt or resolving to wind-up or liquidate or being ordered wound-up or liquidated or the occurrence of any other event constituting a Loss Absorption Event, the SLEECs will be automatically exchanged for SLA Exchange Preferred Shares, without the consent of the holders thereof, which shares would be an investment in SLA and not in the Trust. As a result, holders of SLEECs could become shareholders of SLA at a time when SLA’s financial condition is deteriorating or when SLA has become insolvent or bankrupt or resolved to wind-up or has been ordered wound-up or liquidated or upon the occurrence of any other event constituting a Loss Absorption Event. If there is a Deferral Event, holders of SLEECs will be paid interest on the applicable Deferral Date but will not receive cash as such holders will be required to invest interest paid on the SLEECs in SLA Deferral Preferred Shares. In the event of a liquidation of SLA, the claims of creditors and policyholders as well as certain other claimants of SLA would be entitled to a priority of payment over the claims of holders of equity interests such as the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares.

If SLA were to become insolvent or bankrupt or resolved to wind-up or was ordered wound-up or liquidated after the Automatic Exchange or if the Automatic Exchange were to occur after the insolvency of SLA, subject to the SLF Guarantee, the holders of the SLA Exchange Preferred Shares may receive, if anything, substantially less than the holders of the SLEECs would have received had the SLEECs not been exchanged for SLA Exchange Preferred Shares. In the event of the occurrence of the Automatic Exchange, with the result that holders of a SLEECs receive SLA Exchange Preferred Shares in exchange for such SLEECs, such holders will thereupon cease to have any direct claim or entitlement with respect to the assets of the Trust and the only claim or entitlement of such holder, subject to the SLF Guarantee, will be in its capacity as a shareholder of SLA. See also “Description of the Trust Securities — SLEECs — Automatic Exchange”.

Restrictions on Ownership of Insurance Company Shares

Under the Insurance Act, no person other than SLF is permitted to have a significant interest in SLA without the prior approval of the Minister of Finance of Canada. See “Sun Life Financial Inc. — Constraints on Ownership of Shares Under the Insurance Act”. Accordingly, certain holders of SLEECs who acquire SLA Exchange Preferred Shares upon the occurrence of an Automatic Exchange or SLA Deferral Preferred Shares upon the occurrence of a Deferral Event may have some or all of such shares disposed of on their behalf pursuant to the procedures referred to under “Description of the Trust Securities — SLEECs — Automatic Exchange” and “Description of the Trust Securities — SLEECs — Deferral Right”.

Liquidity of and Dealings in SLEECs

While the SLEECs will be eligible for resale, it is not expected that they will be listed on any stock exchange. There can be no assurance that an active trading market will develop or be sustained. To the extent that an active trading market for the SLEECs does not develop, the liquidity and trading prices for the SLEECs may be adversely affected. If the SLEECs are traded after their initial issuance, they may trade at a discount from their initial offering price. The ability of a holder to pledge SLEECs or otherwise take action with respect to such holder’s interest in SLEECs (other than through a Participant) may be limited due to the lack of a physical certificate.

Dependence Upon SLA and its Affiliates and Potential Conflicts of Interest

The Trust will be dependent on the diligence and skill of the employees of SLA, as Administrative Agent. In addition, potential conflicts of interest may arise between the Trust and SLA and its affiliates. See “The Trust — Activities of the Trust” and “Interests of SLA and its Affiliates in Material Transactions”. The Administrative Agent may also delegate or subcontract all or a portion of its obligations under the Administration Agreement to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Administrative Agent delegates or subcontracts its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services. See “The Trust — The Administrative Agent”.

No Limit on Debt

The Trust Indenture will not contain any provision limiting the Trust’s ability to incur indebtedness generally or that would afford holders of SLEECs protection should the Trust be involved in a highly leveraged or similar transaction. Any additional indebtedness may rank in priority to the SLEECs.

Early Redemption

On or after December 31, 2014, the Trust may, with the prior approval of the Superintendent, redeem the SLEECs, in whole or in part. The redemption price per \$1,000 principal amount of SLEECs redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of SLEECs redeemed on any Interest Reset Date will be equal to par, together, in either case, with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. Upon the occurrence of a Tax Event or a Regulatory Event, the Trust may, with the prior

approval of the Superintendent, redeem all (but not less than all) of the SLEECs at a redemption price equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. These redemption rights may, depending on prevailing market conditions at the time, create reinvestment risk for holders of SLEECs in that they may be unable to find a suitable replacement investment with a return comparable to the SLEECs.

Interest in Respect of Deferral Events

Holders of SLEECs will be required to invest interest paid thereon in SLA Deferral Preferred Shares on each Interest Payment Date in respect of which a Deferral Event has occurred. This interest will be required to be included in such holder's income. See "Canadian Federal Income Tax Considerations — SLEECs — Interest on the SLEECs".

SLF and SLA have covenanted that, if a distribution is not paid when due on any Original SLEECs issued by Sun Life Capital Trust, a subsidiary of SLA, SLA 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 or 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 holders of Original SLEECs. "Public Preferred Shares" means preferred shares which (i) have been issued to the public (excluding any preferred shares held beneficially by affiliates of SLA), (ii) are listed on a recognized stock exchange and (iii) have an aggregate liquidation entitlement of at least \$200 million. At the date of this prospectus, none of SLA's issued shares qualify as "Public Preferred Shares". If Sun Life Capital Trust were to fail to pay in full a required distribution of any series of Original SLEECs, it would trigger a Deferral Event and holders of SLEECs would be required to invest interest thereon in SLA Deferral Preferred Shares as described under "Description of the Trust Securities — SLEECs — Deferral Right".

Credit Ratings

Real or anticipated changes in the credit ratings on the SLEECs or SLA Preferred Shares, if any, may affect the market value thereof. No assurance can be given that any such credit rating will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings can affect the cost at which SLA can transact or obtain funding, and thereby affect SLA's liquidity, business, financial condition or results of operation.

Interest Rate Risk

Prevailing yields on comparable securities will affect the market value of the SLEECs. Assuming all other factors remain unchanged, the market value of the SLEECs will decline as prevailing yields for comparable securities rise. The interest rate on the SLEECs will be reset on December 31, 2019 and on every fifth anniversary of such date. The new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the preceding period.

Risks Related to an Investment in SLA Exchange Preferred Shares or SLA Deferral Preferred Shares

Dividend Restrictions

As indicated above, SLF and SLA have covenanted that, if a distribution is not paid when due on any Original SLEECs issued by Sun Life Capital Trust, a subsidiary of SLA, SLA 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 or 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 holders of Original SLEECs.

Credit Risk

The value of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares, respectively, will be affected by the general creditworthiness of SLA.

Credit Ratings

Real or anticipated changes in credit ratings on the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares, if any, may affect the market value thereof. In addition, real or anticipated changes in credit ratings can affect the cost at which SLA can transact or obtain funding, and thereby affect SLA's liquidity, business, financial condition or results of operations.

Dividends

The SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. There is a risk that SLA may be unable to pay dividends on the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares.

Ranking

The SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares if issued, will rank equally with other preferred shares of SLA in the event of an insolvency or winding-up of SLA. If SLA becomes insolvent or is wound-up, SLA's assets must be used to pay its creditors and policyholders before payments may be made on the SLA Exchange Preferred Shares or the SLA Deferral Preferred Shares, subject to the SLF Guarantee.

Prevailing Yields

Prevailing yields on comparable securities will affect the market value of SLA Exchange Preferred Shares and SLA Deferral Preferred Shares. Assuming all other factors remain unchanged, the market value of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares will decline as prevailing yields for comparable securities rise, and will increase as prevailing yields for comparable securities decline. Spreads over the Government of Canada Yield and comparable benchmark rates of interest for similar securities will also affect the market value of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares in an analogous manner. The dividend rate in respect of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares will be set at the time of their issuance, based on the Thirty Year Canada Yield prevailing at such times plus 1.942%. The Thirty Year Canada Yield will fluctuate over time and may be less than the Thirty Year Canada Yield prevailing on the Closing Date.

Redemption and Purchase

The redemption or purchase by SLA of the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the Insurance Act. See "Sun Life Financial Inc. – Constraints on Ownership of Shares Under the Insurance Act". Neither the SLA Exchange Preferred Shares nor the SLA Deferral Preferred Shares have a fixed maturity date and such shares are not redeemable at the option of the holders thereof. The ability of a holder to liquidate its holdings of SLA Exchange Preferred Shares or SLA Deferral Preferred Shares, as applicable, may be limited.

Market Volatility

Stock market volatility may affect the market price of the SLA Exchange Preferred Shares and SLA Deferral Preferred Shares for reasons unrelated to SLA's performance. In addition, holders of SLEECs should be aware of the prevailing and widely reported global credit market conditions, whereby at times there is a general lack of liquidity in the secondary market. As a result, SLA may face additional risks in some of its global operations. Please refer to "Outlook" and "Risk Management" in SLF's Management's Discussion and Analysis for the year ended December 31, 2008.

Secondary Market and Liquidity

Although SLA will use reasonable efforts to list the SLA Exchange Preferred Shares and the SLA Deferral Preferred Shares upon the issuance thereof, there is no guarantee that SLA will be successful in obtaining such

listing. There can be no assurance that an active trading market will develop for the SLA Exchange Preferred Shares or SLA Deferral Preferred Shares following the issuance of any of those shares, or if developed, that such a market will be liquid or sustained at the issue price of such shares.

The ability of a holder to pledge SLA Exchange Preferred Shares or SLA Deferral Preferred Shares or otherwise take action with respect to such holder's interest therein (other than through a Participant) may be limited due to the lack of a physical certificate.

If a Deferral Event occurs, holders of SLEECS will not be entitled to trade SLA Deferral Preferred Shares issued to such holders until such time as those shares are released from escrow. See "Description of the Trust Securities — SLEECS — Deferral Right".

SLF Guarantee

If SLA fails to pay declared dividends, the redemption price or the liquidation preference of SLA preferred shares at a time when SLF is subject to a winding-up order, the Preferred Share Guarantee Agreement has been structured so that the amount payable by SLF under the Preferred Share Guarantee Agreement will be subject to reduction such that the claims of holders of the respective class of SLA preferred shares under the Preferred Share Guarantee Agreement will, in effect, rank equally with the claims of holders of the respective class of SLF Preferred Shares to any surplus assets of SLF remaining for distribution.

The SLF Guarantee may be terminated by SLF or may terminate automatically, in either case without the consent of holders of SLEECS or SLA Preferred Shares. See "SLF Guarantee".

PRINCIPAL HOLDERS OF SECURITIES

It is intended that, at all times following the Closing Date, SLA will own all of the Voting Trust Units. See "Capitalization of the Trust" and "Use of Proceeds".

INTERESTS OF SLA AND ITS AFFILIATES IN MATERIAL TRANSACTIONS

Pursuant to the Administration Agreement, SLA will administer the day-to-day operations of the Trust.

SLA and its affiliates may have interests which are not identical to those of the Trust. Consequently, conflicts of interest may arise with respect to transactions, including, without limitation, the sale of the Initial Trust Assets, future acquisitions of the Trust Assets from SLA and/or its affiliates, and the renewal, termination or modification of the Administration Agreement. It is the intention of the Trust and SLA that any agreements and transactions between the Trust, on the one hand, and SLA and/or its affiliates, on the other hand, are fair to all parties and consistent with market terms and conditions.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon by Torys LLP, on behalf of the Trust and SLA, and by McCarthy Tétrault LLP on behalf of the Underwriters. The partners, counsel and associates of Torys LLP and McCarthy Tétrault LLP respectively as a group, beneficially own, directly or indirectly, less than one per cent of any class of security issued by the Trust or SLA.

TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE

CIBC Mellon Trust Company will be appointed as transfer agent, registrar and Exchange Trustee in respect of the SLEECS. The SLEECS will be issued in book-entry only form through CDS. See "Description of the Trust Securities — SLEECS — Book-Entry Only Form".

LEGAL PROCEEDINGS

Other than as set out in SLF's and SLA's financial statements incorporated by reference herein, none of the Trust, SLA or SLF is involved in any litigation or arbitration proceedings which are material to the Trust, SLA and its subsidiaries, taken as a whole, or SLF and its subsidiaries, taken as a whole, nor is any of the Trust, SLA or SLF aware that any such proceedings are pending or threatened.

PROMOTER

SLA is the promoter of the Trust by reason of its taking the initiative in creating, structuring and promoting the Trust. SLA will not receive any benefits, directly or indirectly, from the issuance of the SLEECs other than as described in this prospectus. SLA will sell the Initial Trust Assets to the Trust. See "The Trust — Activities of the Trust". SLA will receive an administrative fee pursuant to the Administration Agreement.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

The Ontario Securities Commission, as principal regulator under the Process for Exemptive Relief Applications in Multiple Jurisdictions, has granted relief to the Trust under the securities legislation of the Province of Ontario as described below (which relief is intended to be relied upon by the Trust in each of the provinces and territories of Canada, other than Ontario). The Trust is exempted from the following short form prospectus distribution requirements in connection with offerings by the Trust from time to time of Trust Securities:

- (a) the qualification requirements of Part 2 of National Instrument 44-101 Short Form Prospectus Distributions ("NI 44-101"), such that the Trust is qualified to file a prospectus in the form of a short form prospectus; and
- (b) the disclosure requirements in Item 6 (Earnings coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)(5), of Form 44-101F1 of NI 44-101 in respect of the Trust, as applicable.

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, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such 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 adviser.

CONSENT OF THE INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We have read the short form prospectus of Sun Life Capital Trust II (the "Trust"), Sun Life Assurance Company of Canada ("SLA") and Sun Life Financial Inc. ("SLF") dated November 17, 2009 relating to the issue and sale by the Trust of \$500,000,000 principal amount of 5.863% Sun Life Exchangeable Capital Securities - Series 2009-1 (SLEECs) (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 Board of Directors and Shareholders of SLF on the consolidated balance sheets and the separate consolidated statements of segregated funds net assets as at December 31, 2008 and 2007, and the consolidated statements of operations, equity, comprehensive income, cash flows and changes in segregated funds net assets for each of the years in the three-year period ended December 31, 2008. Our report is dated February 11, 2009.

We consent to the incorporation by reference in the Prospectus of our report to the Policyholders and Shareholder of SLA on the consolidated balance sheets and the separate consolidated statements of segregated funds net assets as at December 31, 2008 and 2007, and the consolidated statements of operations, equity, comprehensive income, cash flows and changes in segregated funds net assets for each of the years in the three-year period ended December 31, 2008. Our report is dated February 11, 2009.

(signed) Deloitte & Touche LLP
Independent Registered Chartered Accountants
Licensed Public Accountants

Toronto, Canada
November 17, 2009

CERTIFICATE OF THE TRUST

Dated: November 17, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SUN LIFE CAPITAL TRUST II
by its Administrative Agent
SUN LIFE ASSURANCE COMPANY OF CANADA

(signed) DONALD A. STEWART
Chief Executive Officer

(signed) COLM J. FREYNE
Executive Vice President and
Chief Financial Officer

CERTIFICATE OF SUN LIFE ASSURANCE COMPANY OF CANADA

Dated: November 17, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) DONALD A. STEWART
Chief Executive Officer

(signed) COLM J. FREYNE
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors:

(signed) JAMES C. BAILLIE
Director

(signed) RONALD W. OSBORNE
Director

CERTIFICATE OF SUN LIFE FINANCIAL INC.

Dated: November 17, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) DONALD A. STEWART
Chief Executive Officer

(signed) COLM J. FREYNE
Executive Vice President and
Chief Financial Officer

On behalf of the Board of Directors:

(signed) JAMES C. BAILLIE
Director

(signed) RONALD W. OSBORNE
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: November 17, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SCOTIA CAPITAL INC.
By: (signed) David J. Skurka

RBC DOMINION SECURITIES INC.
By: (signed) Rajiv Bahl

BMO NESBITT BURNS INC.
By: (signed) Bradley J. Hardie

CIBC WORLD MARKETS INC.
By: (signed) Shannan M. Levere

HSBC SECURITIES (CANADA) INC.
By: (signed) Nicole Caty

MERRILL LYNCH CANADA INC.
By: (signed) Marianne Harris

NATIONAL BANK FINANCIAL INC.
By: (signed) Darin E. Deschamps

TD SECURITIES INC.
By: (signed) Jonathan Broer