FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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FILER

SUN LIFE INSURANCE & ANNUITY CO OF NEW YORK
CIK:**779955**| IRS No.: **042845273** | State of Incorp.:**NY** | Fiscal Year End: **1231**
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(AMENDMENT NO. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended	Commission file numbers
December 31, 2004	**33-1079, 33-58482, 333-77281 and 333-09141**

Sun Life Insurance and Annuity Company of New York

(Exact name of registrant as specified in its charter)

New York	**04-2845273**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

60 East 42nd Street, Suite 1115	
New York, New York	**10165**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 922-9242**

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Name of each exchange on which registered
None	**None**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [x]

Registrant has no voting stock outstanding held by non-affiliates.

Registrant has 6,001 shares of common stock outstanding on May 2, 2005, all of which are owned Sun Life Assurance Company of Canada (U.S.).

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION I(1)(a) AND (b) FOR FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PERMITTED BY INSTRUCTION I(2).

EXPLANATORY NOTE

As previously disclosed by the registrant, Sun Life Insurance and Annuity Company of New York (the "Company"), on a Current Report on Form 8-K dated April 29, 2005, management of the Company concluded on April 25, 2005 that the Company's previously issued audited financial statements for the years ended December 31, 2004 and 2003 on Form 10-K and the unaudited financial statements for the quarterly periods ended September 30, 2004, June 30, 2004, March 31, 2004 and September 30, 2003 on Form 10-Q should be restated because of errors in those financial statements.

As part of the financial closing process for the quarterly period ended March 31, 2005, the Company identified certain errors relating to deferred policy acquisition costs ("DAC") and amortization of DAC in the Company's financial statements beginning with the quarterly period ended September 30, 2003, as described herein at: Note 18, "Restatement," to the accompanying audited financial statements; the section entitled "Quarterly Financial Data (Unaudited)" in Part II, Item 8; and the section entitled "Restatement" in Part II, Item 9A in this Amendment No. 1 on Form 10-K/A ("Form 10-K/A").

The DAC error was identified as part of an analytical review during the course of the Company's financial closing process for the quarterly period ended March 31, 2005. The inaccuracy was traced back to the amount of DAC in the Company's financial statements beginning with the quarterly period ended September 30, 2003. During that quarter, the Company converted to a new system that calculated DAC and the related amortization. An error occurred in connection with the summarization of the new system's calculation of DAC for certain policies of Keyport Benefit Life Insurance Company ("KBL"), which merged with and into the Company on December 31, 2002. Specifically, a block of policies was incorrectly attributed to Keyport Life Insurance Company ("Keyport") rather than to KBL. Keyport merged with and into the Company's direct parent, Sun Life Assurance Company of Canada (U.S.) ("Sun Life U.S.") on December 31, 2003. The DAC error was not attributable to any fraud or misconduct by the Company or any of its employees.

The DAC error had no impact on the consolidated financial statements of the Company's direct parent, Sun Life U.S., or its indirect parent, Sun Life Financial Inc.

As a result of the error, DAC for the Company was understated by $8.8 million (pre-tax) and $10.1 million (pre-tax) at December 31, 2004 and 2003, respectively. The effect of this DAC understatement was to understate the Company's equity by $5.7 million and overstate net income by $0.8 million as of and for the year ended December 31, 2004, and to understate equity and net income by $6.6 million, respectively, as of and for the year ended December 31, 2003.

This Form 10-K/A amends the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, initially filed with the U.S. Securities and Exchange Commission ("SEC") on March 21, 2005 (the "Original Filing") and is being filed to reflect the restatement of the Company's financial statements for the fiscal years ended December 31, 2004 and 2003, the notes related thereto, and selected financial data for the quarterly periods ended September 30, 2004, June 30, 2004, March 31, 2004 and September 30, 2003, as described in Note 18, "Restatement," to the accompanying audited financial statements and the section entitled "Quarterly Financial Data (Unaudited)" in Part II, Item 8 of this Form 10-K/A.

For the convenience of the reader, this Form 10-K/A sets forth the Original Filing in its entirety. However, this Form 10-K/A amends and restates certain information in Items 7, 8, and 9A of Part I of the Original Filing, in each case, solely as a result of, and to reflect the restatement, and no other information in the Original Filing is amended hereby, except Note 19, "Subsequent Event," to the accompanying audited financial statements and the section entitled "Regulation and Regulatory Developments" in Part I, Item 1. In addition, pursuant to the rules of the SEC, Item 15 of Part IV of the Original Filing has been amended to include currently dated certifications from the Company's principal executive officer and principal financial officer, as required by Sections 302 and 906 of The Sarbanes-Oxley Act of 2002.

The Company has not amended and does not intend to amend its previously filed Annual Report on Form 10-K for the year ended December 31, 2003 or its Quarterly Reports on Form 10-Q for the periods ended September 30, 2004, June 30, 2004, March 31, 2004, and September 30, 2003 affected by the restatement. For this reason, the financial statements, financial information, and related auditors' reports for the periods contained in such reports should no longer be relied upon.

ANNUAL REPORT ON FORM 10-K/A FOR FISCAL YEAR ENDED DECEMBER 31, 2004

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PART I

Item 1. BUSINESS.

On December 31, 2002, Sun Life Insurance and Annuity Company of New York ("Sun NY Predecessor"), which was a wholly-owned subsidiary of Sun Life Assurance Company of Canada (U.S.) ("Sun Life U.S."), and Keyport Benefit Life Insurance Company ("KBL"), which was a wholly-owned subsidiary of Keyport Life Insurance Company ("Keyport"), an affiliate, merged, with Sun NY Predecessor as the surviving company ("the Company"), and the Company issued 4,001 additional shares of common stock to Keyport in exchange for the assets and liabilities of KBL. As a result of the additional common stock issuance, the Company became a subsidiary of both Keyport and Sun Life U.S., with Keyport owning 67% of the common stock of the Company. The merger had no effect on the existing rights and benefits of policyholders or contract holders of either company.

On December 31, 2003, Keyport was merged with and into Sun Life U.S. with Sun Life U.S as the surviving company. Consequently, the Company is now a wholly-owned subsidiary of Sun Life U.S.

The Company is engaged in the sale of fixed and variable annuity contracts, group life, variable universal life, group stop-loss and group disability insurance contracts. These contracts are sold by insurance agents, some of whom are registered representatives of national and regional stock brokerage firms, and brokers. The Company is licensed and authorized to write all the business that was previously written by KBL and Sun NY Predecessor.

The Company is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc. ("SLC - U.S. Ops Holdings") and is an indirect wholly-owned subsidiary of Sun Life Financial Inc. ("SLF"), a reporting company under the Securities Exchange Act of 1934. SLF and its subsidiaries are collectively referred to herein as "Sun Life Financial."

As of December 31, 2004, SLC - U.S. Ops Holdings, was a direct wholly-owned subsidiary of Sun Life Assurance Company of Canada ("SLOC"), 150 King Street West, Toronto, Ontario, Canada. SLOC is a life insurance company incorporated in 1865. As of December 31, 2004, SLOC transacted business directly or through its subsidiaries and joint ventures in all of the Canadian provinces and territories, all of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Great Britain, Ireland, Hong Kong, Bermuda, Barbados, Philippines, Indonesia, China and India. SLOC is a direct wholly-owned subsidiary of SLF.

On January 4, 2005, a reorganization was completed under which most of SLOC's asset management businesses in Canada and the United States were transferred to Sun Life Financial Corp., a newly incorporated wholly-owned subsidiary of SLF. After this reorganization, the operations remaining in SLOC consist primarily of Sun Life Financial's life, health and annuities businesses in Canada, most of its life and health businesses in the United States, and all of its operations in the United Kingdom and Asia. SLOC continues to be a direct wholly-owned subsidiary of SLF. The Company is now an indirect subsidiary of Sun Life Financial Corp., and continues to be an indirect subsidiary of SLF.

Regulation and Regulatory Developments

As part of an industry wide investigation, state regulators are investigating certain compensation arrangements and other business practices between insurance companies and brokers. Certain of the Company's affiliates have received requests for information from state regulators and are cooperating with respect to these matters.

The Company's variable annuity contracts and variable life insurance policies are subject to various levels of regulation under federal securities laws administered by the Securities and Exchange Commission (the "SEC") and under certain state securities laws. On or about October 30, 2003, the Company received a request from the SEC for information regarding its policies, practices and procedures with respect to subaccount "market timing," its policies, practices and procedures with respect to receiving and processing exchange orders from contract owners, and its oversight of such activities in the Company's separate accounts. The Company responded to this request and an additional related request. On March 4, 2004, the Boston District Office of the SEC notified the Company that it intended to commence an examination of the Company and certain of its affiliates pursuant to Section 31(b) of the Investment Company Act of 1940 and the Securities Exchange Act of 1934 relating to these and certain other subjects. The Company is cooperating with the SEC in these matters.

PART I (continued)

Regulation and Regulatory Developments (continued)

In addition, the SEC and other regulators have conducted or are conducting investigations and examinations of certain of the Company's affiliates relating to various issues, including market timing and late trading of mutual funds and variable insurance products, directed brokerage, revenue-sharing and other arrangements with distributors, and recordkeeping requirements.

As a result of the SEC investigations and examinations discussed above, the Company is engaged in discussions with the SEC that may lead to settled administrative actions involving the Company. At this time, management cannot reasonably estimate an amount to be recorded in the Company's financial statements.

Item 2. PROPERTIES.

The Company does not own any properties. The Company leases office space for its sales personnel located in New York City. The lease is scheduled to terminate in 2010.

Item 3. LEGAL PROCEEDINGS.

The Company is engaged in various kinds of routine litigation, which, in management's judgment, are not expected to have a material impact on its financial condition, results of operations or cash flow.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Omitted pursuant to Instruction I(2)(c) to Form 10-K.

PART II

Item 5. MARKET FOR COMPANY'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company is a wholly-owned subsidiary of Sun Life U.S. and as such there is no market for its common stock. The Company did not pay any cash dividends to Sun Life U.S. during 2004 and 2003.

Item 6. SELECTED FINANCIAL DATA.

Omitted pursuant to Instruction I(2)(a) to Form 10-K. Please refer to Item 7 for management's narrative analysis of results of operations.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANACIAL CONDITION AND RESULTS OF OPERATIONS.

Pursuant to Instruction I(2)(a) to Form 10-K, the Company elects to omit Management's Discussion and Analysis of Financial Condition and Results of Operations. Below is an analysis of the results of operations explaining material changes in the Statements of Operations between the years ended December 31, 2004 and December 31, 2003.

Explanatory Note

As described in Note 18 to the financial statements included in Part II, Item 8 of this Form 10-K/A, the Company has restated its financial statements for the years ended December 31, 2004 and 2003. In addition, selected financial data for the quarterly periods ended September 30, 2004, June 30, 2004, March 31, 2004 and September 30, 2003 has been restated in the section entitled "Quarterly Financial Data (Unaudited)" in Item 8. Additional information concerning the restatement can be found below and in Part II, Item 9A of this Form 10-K/A. The following narrative analysis of results of operations gives effect to the restatement.

Cautionary Statement

The Private Securities Litigation Reform Act of 1995 defines forward-looking statements as statements not based on historical fact and provides a safe harbor for such statements. This discussion may include forward-looking statements by the Company. These statements may relate to such topics as volume growth, market share, and financial goals. It is important to understand that such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that the statements anticipate. These risks and uncertainties may concern, among other things:

- Heightened competition, particularly in terms of price, product features, and distribution capability, which could constrain the Company's growth and profitability.
- Changes in interest rates and market conditions.
- Regulatory and legislative developments.
- Development in consumer preferences and behavior patterns.

CRITICAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Company to make estimates and assumptions. The Company believes that of its significant accounting policies the following may involve a higher degree of judgment and complexity.

Goodwill

Goodwill represents the difference between the purchase price paid and the fair value of the net assets acquired in connection with the acquisition of KBL. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," goodwill is tested for impairment on an annual basis. The Company completed the required impairment tests of goodwill and indefinite-lived intangible assets during the second quarter of 2004 and concluded that these assets are not impaired.

Deferred Policy Acquisition Costs

Acquisition costs related to the issuance of fixed and variable annuities and life insurance products are deferred and amortized, generally in proportion to total estimated gross profits. Estimated gross profits are reviewed periodically and adjusted retrospectively when the Company revises its estimates. Estimated gross profits include assumptions related to investment yields and interest rates, mortality, lapse, expense, and asset growth rates. Although realization of deferred policy acquisition costs ("DAC") is not assured, the Company believes that all of these costs will be realized. The amount of DAC considered realizable, however, could be reduced if the estimates of gross profits or total revenues discussed above are reduced.

Changes in any of the assumptions that serve to increase or decrease the estimated future gross profits will cause the amortization of DAC to decrease or increase, respectively, in the current period. This will cause fluctuation in earnings from period to period. These changes in assumptions resulted in a (decrease) increase in DAC amortization of $(2.2) million and $4.1 million for the years ended December 31, 2004 and 2003, respectively.

DAC is also adjusted for amounts relating to the recognition of unrealized investment gains and losses. This adjustment, net of tax, is included with the change in net unrealized investment gains or losses that is credited or charged directly to accumulated other comprehensive income. DAC was decreased by $12.5 million and $10.7 million at December 31, 2004 and 2003, respectively, relating to this adjustment.

Fair Value of Financial Instruments

In the normal course of business, the Company enters into transactions involving various types of financial instruments. These instruments involve credit risk and may also be subject to risk of loss due to interest rate fluctuation. The Company monitors each financial instrument individually and, when appropriate, obtains collateral or other security to minimize losses.

CRITICAL ACCOUNTING POLICIES *(continued)*

Fair Value of Financial Instruments (continued)

The Company values its publicly traded fixed maturities using market prices or dealer quotes. For privately placed fixed maturities, fair values are estimated by taking into account prices for publicly traded securities of similar credit risk, maturity, repayment and liquidity characteristics. The fair values of mortgages are estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Fixed maturities are classified as available-for-sale. The changes in fair value of available-for-sale securities are recorded in other comprehensive income.

The Company's ability to liquidate positions in privately placed fixed securities and mortgages will be impacted to a significant degree by the lack of an actively traded market. Although the Company believes its estimates reasonably reflect the fair value of those instruments, its key assumptions about the risk-free interest rates, risk premiums, performance of underlying collateral (if any) and other factors may not reflect those of an active market.

Policy Liabilities and Accruals

The liabilities associated with individual life insurance, group life and disability insurance products and stop-loss are computed using the net level premium method based on assumptions about future investment yields, mortality, morbidity and persistency. The assumptions used are based upon the Company's experience and industry standards.

Once these assumptions are made for a given group of policies they will not be changed over the life of the policies unless the Company recognizes a loss on the entire line of business. The Company periodically reviews its policies for loss recognition based upon management's best estimates. From time to time the Company may recognize a loss on certain lines of business.

Other than Temporary Impairments

The Company's accounting policy for impairment requires recognition of an other-than-temporary impairment write-down on a security if it is determined that the Company is unable to recover all amounts due under the contractual obligation of the security. Once an impairment charge has been recorded, the Company continues to review the other-than-temporarily impaired securities for additional impairment.

During 2004 and 2003, the Company recorded realized losses of $0.7 million and $1.1 million, respectively, for other-than-temporary impairments. During 2004 and 2003, $0.1 million and $0.3 million, respectively, of the prior years' losses were recovered through disposition and are included in realized gains. The Company has discontinued the accrual of income on several of its holdings for issuers that are in default. The termination of accrual accounting on these holdings reduced income by $38,000 and $198,000 for the years ended December 31, 2004 and 2003, respectively.

RESULTS OF OPERATIONS (2004 as Compared to 2003)

NET INCOME

The Company's net income was $13.6 million and $6.7 million for the years ended December 31, 2004 and 2003, respectively. Income before income taxes and cumulative effect of change in accounting principle was $21.8 million and $9.8 million for the years ended December 31, 2004 and 2003, respectively. This $12.0 million increase was primarily due to improvements in the Wealth Management Segment (increase of $13.2 million) and Group Protection Segment (increase of $2.4 million) offset by a decline in the Corporate Segment of $2.8 million. Income tax expense was $7.3 million and $3.1 million for the years ended December 31, 2004 and 2003, respectively. The results of operations by segment are discussed more fully below.

Net Income from Operations by Segment

The Company's net income from operations reflects the operations of its four business segments: Wealth Management, Individual Protection, Group Protection and Corporate.

The following provides a summary of operations by segment for the years ended December 31, 2004 and 2003 (in 000's):

Wealth Management Segment

		2004 Restated			2003 Restated
Total Revenues	$	116,274		$	108,427
Total Expenditures		96,973			102,327
Pretax Income		19,301			6,100
Net Income	$	11,766		$	4,088
Total Assets	$	2,735,845		$	2,632,557

The Wealth Management Segment focuses on the savings and retirement needs of individuals preparing for retirement or who have already retired. It primarily markets to affluent consumers, selling individual and group fixed and variable annuities. Its major product lines are fixed and variable annuities. In certain variable annuities, contractholders have the choice of allocating payments either to a fixed account, which provides a guaranteed rate of return, or to variable accounts. In the variable accounts, the contractholder can choose from a range of investment options and styles. The return depends upon investment performance of the options selected.

REVENUES

Total revenues were $116.3 million and $108.4 million for the years ended December 31, 2004 and 2003, respectively. The increase of $7.9 million was primarily due to the following:

Premiums

- were $1.3 million and $2.7 million for the years ended December 31, 2004 and 2003, respectively. The decrease of $1.4 million during 2004, as compared to 2003, was the result of lower annuitizations.

Investment incom

e - was $91.8 million and $80.7 million for the years ended December 31, 2004 and 2003, respectively. The increase of $11.1 million during 2004, as compared to 2003, was the result of a higher average investment yield ($4.0 million) and an increase in average invested assets ($7.1 million).

Realized investment gains

- were $9.1 million and $10.4 million for the years ended December 31, 2004 and 2003, respectively. Sales of investments generally are made to maximize total return and take advantage of prevailing market conditions. The Company incurred write-downs of fixed maturities for other-than-temporary impairments of $0.7 million and $1.1 million for the years ended December 31, 2004 and 2003, respectively.

Wealth Management Segment (continued)

Fee and other income

- was $14.1 million and $14.6 million for the years ended December 31, 2004 and 2003, respectively. Fee and other income consist primarily of separate account fees and similar charges, including mortality and expense ("M&E") charges earned on variable annuity balances. M&E charges, which are based on the market values of the assets in the separate accounts supporting the contracts, were $8.6 million and $7.3 million for the years ended December 31, 2004 and 2003, respectively. Variable product fees represented 1.42% and 1.37% of the average variable annuity separate account balances for the years ended December 31, 2004 and 2003, respectively. The increase in separate account income was due to an increase in average separate account assets. Average separate account assets were $606.4 million and $529.6 million for the years ended December 31, 2004 and 2003, respectively.

Surrender charges are also included in fee and other income. Surrender charges represent revenues earned on the early withdrawal of fixed and variable annuity policyholder balances. Surrender charges on fixed and variable annuity surrenders generally are assessed at declining rates applied to policyholder surrenders during the first five to seven years of the contract. Total surrender charges were $2.7 million and $3.2 million for the years ended December 31, 2004 and 2003, respectively.

Cumulative effect of change in accounting principle -

On January 1, 2004, the Company adopted the American Institute of Certified Public Accountants' (the "AICPA") Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" ("SOP 03-1"). The cumulative effect, reported after tax and net of related effects on DAC, upon adoption of SOP 03-1 at January 1, 2004, decreased net income and stockholder's equity by $0.9 million. The reduction in net income was comprised of an increase in benefit reserves (primarily for variable annuity contracts) of $0.9 million, pretax, and a decrease in DAC of $0.5 million, pretax.

In October 2004, the AICPA issued a technical bulletin on financial accounting and reporting issues related to SOP 03-1. Upon adoption of the guidance in the technical bulletin, the Company restated the amount of the cumulative effect of change in accounting principle in the accompanying financial statements from the amount previously reported in earlier quarters ($0.2 million). The previously reported 2004 quarterly financial information has also been restated in Item 8 of this Form 10-K to reflect the implementation of the technical bulletin provisions.

BENEFITS AND EXPENSES

Total benefits and expenditures were $96.9 million and $102.3 million for the years ended December 31, 2004 and 2003, respectively. The decrease of $5.4 million was primarily due to the following:

Policyholder benefits

- were $4.2 million and $8.1 million for the years ended December 31, 2004 and 2003, respectively. The $3.9 million decrease in 2004 compared to 2003 was primarily due to a decrease in minimum death benefits on variable annuity contracts.

Interest credited

- to policyholders was $78.2 million and $78.4 million for the years ended December 31, 2004 and 2003, respectively. The decrease of $0.2 million in 2004 as compared to 2003 was the result of a lower average interest credited rate ($3.7 million) and an increase in average policyholder balances ($6.0 million). In addition, interest credited was increased during the first quarter of 2003 by a reserve adjustment of $2.5 million, which was recorded as a component of interest credited to policyholders. (Interest credited to policyholders was accurately recorded at the policy level at all times.)

Other operating expenses

- were $8.5 million and $8.0 million for the years ended December 31, 2004 and 2003, respectively. The increase of $0.5 million in general operating expenses was primarily due to increased business in-force.

Wealth Management Segment (continued)

Amortization of DAC

- relates to the costs of acquiring new business, which vary with and are primarily related to, the production of new annuity business. Such acquisition costs included commissions, costs of policy issuance, underwriting and selling expenses. Amortization expense was $5.8 million and $7.4 million for the years ended December 31, 2004 and 2003, respectively. The decrease in DAC amortization for year ended December 31, 2004 was primarily due to changes in the estimated future gross profit assumptions used to calculate DAC amortization.

Changes in any of the assumptions that serve to increase or decrease the estimated future gross profits will cause the amortization of DAC to decrease or increase, respectively, in the current period. This will cause fluctuation in earnings from period to period. These changes in assumptions resulted in a (decrease) increase in DAC amortization of $(2.2) million and $4.1 million for the years ended December 31, 2004 and 2003, respectively.

Group Protection Segment

		2004			2003
Total Revenues	$	34,908		$	26,609
Total Expenditures		31,605			25,712
Pretax Income		3,303			897
Net Income	$	2,147		$	608
Total Assets	$	53,131		$	46,535

The Group Protection Segment markets and administers group life insurance, stop-loss insurance and long-term and short-term disability products. These products are sold to companies that provide group benefits for their employees. The Group Protection Segment had pretax income of $3.3 million and $0.9 million for the years ended December 31, 2004 and 2003, respectively.

Total revenues in 2004 increased by $8.3 million in comparison to 2003. The increase in revenue was primarily attributed to higher premiums in the group life insurance and long-term disability lines of business of $6.0 million and $1.4 million, respectively.

Total expenditures in 2004 increased by $5.9 million in comparison to 2003. The expense increase was due to increased benefits to policyholders of $4.2 million due primarily to the growing insurance block of business, particularly group life. Associated with the growth in business, the increase in expenditures was also attributed to higher operating expenses and commission payments of $0.9 million and $0.8 million, respectively.

Individual Protection Segment

		2004			2003
Total Revenues	$	836		$	873
Total Expenditures		1,386			713
Pretax (Loss) Income		(550)			160
Net (Loss) Income	$	(357)		$	113
Total Assets	$	2,043		$	1,460

Individual Protection Segment (continued)

The Individual Protection Segment products offered by the Company are universal life, variable universal life and conversions from group life products. Pretax (loss) income was approximately $(550,000) and $160,000 for the years ended December 31, 2004 and 2003, respectively.

The decrease in pretax income during the year ended December 31, 2004 primarily related to an increase in operating expenses, attributed to the commencement of sales and administration of the Company's universal and variable universal life products.

Corporate Segment

		2004			2003
Total Revenues	$	(279)		$	2,485
Total Expenditures		(54)			(161)
Pretax (Loss) Income		(225)			2,646
Net Income	$	88		$	1,845
Total Assets	$	21,283		$	35,417

The Corporate Segment includes the unallocated capital of the Company and items not otherwise attributable to the other segments. Pretax (loss) income within the Corporate Segment was $(0.2) million and $2.6 million for the years ended December 31, 2004 and 2003, respectively.

The $2.8 million decrease in pretax income was mainly due to a decrease in net investment income of $2.6 million.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This discussion covers market risks associated with investment portfolios that support the Company's general account liabilities. This discussion does not cover market risks associated with those investment portfolios that support separate account products. For those products, the policyholder, rather than the Company, assumes market risk.

General

The Company has investment policies and guidelines that define the overall framework for managing market and other investment risks, including the accountabilities and controls over its investment activities. In addition, the Company has specific investment policies that delineate the investment limits and strategies that are appropriate given the Company's liquidity, surplus, product and regulatory requirements.

The Company's management believes that stringent underwriting standards and practices have resulted in high-quality portfolios that have the effect of limiting credit risk. The management of interest rate risk exposure is discussed below.

Interest rate risk

A well-diversified portfolio of fixed interest investments primarily supports the Company's fixed interest rate liabilities. They are also supported by small amounts of floating rate notes. These interest-bearing investments include both publicly issued and privately placed bonds. Public bonds can include Treasury bonds, corporate bonds and money market instruments. The Company's fixed income portfolios also hold securitized assets, including mortgage backed and asset backed securities. These securities are subject to the same standards applied to other portfolio investments, including relative value criteria and diversification guidelines. The Company does not engage in leveraged transactions and it does not routinely invest in the more speculative forms of these instruments, such as interest-only, principal-only, inverse floater or residual tranches.

Changes in the level of domestic interest rates affect the market value of fixed interest assets and liabilities. The Company manages risks from wide fluctuations in interest rates using analytical and modeling software acquired from outside vendors. Important assumptions include the timing of cash flows on mortgage-related assets and liabilities subject to policyholder surrenders.

Significant features of the Company's models include:

- an economic or market value basis for both assets and liabilities;
- an option pricing methodology;
- the use of effective duration and convexity to measure interest rate sensitivity; and
- the use of key rate durations to estimate interest rate exposure at different parts of the yield curve and to estimate the exposure to non-parallel shifts in the yield curve.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (continued)

Interest rate risk management (continued)

The Company's Interest Rate Risk Committee meets monthly. After reviewing duration analyses, market conditions and forecasts, the committee develops specific asset management strategies. These strategies may involve managing to achieve small intentional mismatches, either in terms of total effective duration or for certain key rate durations, between liabilities and assets. The Company manages these mismatches to a narrow tolerance range.

Fixed interest liabilities held in the Company's general account at December 31, 2004 had a fair value of $1.7 billion. Fixed income investments supporting those liabilities had a fair value of $1.8 billion at that date. The Company performed a sensitivity analysis on these interest-sensitive liabilities and assets as of December 31, 2004. The analysis showed that if there were an immediate decrease of 100 basis points in interest rates, the fair value of the liabilities would show a net increase of $57.5 million and the corresponding assets would show a net increase of $53.2 million.

By comparison, fixed interest liabilities held in the Company's general account at December 31, 2003 had a fair value of $1.6 billion. Fixed income investments supporting those liabilities had a fair value of $1.8 billion at that date. The Company performed a sensitivity analysis on these interest-sensitive liabilities and assets as of December 31, 2003. The analysis showed that if there were an immediate decrease of 100 basis points in interest rates, the fair value of the liabilities would show a net increase of $56.7 million and the corresponding assets would show a net increase of $60.6 million.

The Company produced these estimates using computer models. Since these models reflect assumptions about the future, they contain an element of uncertainty. For example, the models contain assumptions about future policyholder behavior and asset cash flows. Actual policyholder behavior and asset cash flows could differ from what the models show. As a result, the models' estimates of duration and market values may not reflect what actually would occur. The models are further limited by the fact that they do not provide for the possibility that management action could be taken to mitigate adverse results.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Financial statements in the form required by Regulation S-X are set forth below.

STATEMENTS OF OPERATIONS

(in thousands)

For the years ended December 31

		2004 - As Restated (1)		2003 - As Restated (1)		2002
Revenues						
Premiums and annuity considerations	$	35,006	$	28,457	$	20,285
Net investment income		93,870		85,302		74,847
Net realized investment gains (losses)		9,301		10,647		(7,265)
Fee and other income		13,562		13,988		11,686
Total revenues		151,739		138,394		99,553
Benefits and Expenses						
Policyowner benefits		26,622		26,651		16,428
Interest credited		78,220		78,432		62,830
Other operating expenses		19,305		16,118		16,979
Amortization of deferred policy acquisition costs		5,763		7,390		8,157
Total benefits and expenses		129,910		128,591		104,394
Income (loss) before income tax expense (benefit) and cumulative effect of change in accounting principle		21,829		9,803		(4,841)
Income tax expense (benefit)						
Federal		7,229		3,149		(1,710)
State		82		-		-
Income tax expense (benefit)		7,311		3,149		(1,710)
Income (loss) before cumulative effect of change in accounting principle, net of tax		14,518		6,654		(3,131)
Cumulative effect of change in accounting principle, net of tax benefit of $471		(874)		-		-
Net income (loss)	$	13,644	$	6,654	$	(3,131)

(1) See Note 18.

The accompanying notes are an integral part of the financial statements

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SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

BALANCE SHEETS

(in thousands, except share data)

	December 31, 2004 - As Restated (1)	December 31, 2003 - As Restated (1)
ASSETS		
Investments:		
Fixed maturity securities available-for-sale at fair value (amortized cost of $1,810,764 and $1,747,123 in 2004 and 2003, respectively)	$ 1,846,019	$ 1,796,351
Mortgage loans	136,561	107,996
Policy loans	153	274
Cash and cash equivalents	43,262	64,336
Total investments	2,025,995	1,968,957
Accrued investment income	19,244	20,070
Deferred policy acquisition costs	66,690	59,607
Goodwill	37,788	37,788
Receivable for investments sold	5,383	33,640
Reinsurance receivable	6,381	9,146
Other assets	3,637	6,558
Separate account assets	647,184	580,203
Total assets	$ 2,812,302	$ 2,715,969
LIABILITIES		
Contractholder deposit funds and other policy liabilities	$ 1,774,281	$ 1,719,446
Future contract and policy benefits	49,813	48,760
Deferred federal income taxes	4,949	3,843
Payable for investments purchased	25,918	58,682
Other liabilities and accrued expenses	8,624	6,883
Separate account liabilities	647,184	580,203
Total liabilities	2,510,769	2,417,817
Commitments and contingencies - Note 17		
STOCKHOLDER'S EQUITY		
Common stock, $350 par value - 6,001 shares authorized;		
6,001 shares issued and outstanding	2,100	2,100
Additional paid-in capital	239,963	239,963
Accumulated other comprehensive income	14,483	24,746
Retained earnings	44,987	31,343
Total stockholder's equity	301,533	298,152
Total liabilities and stockholder's equity	$ 2,812,302	$ 2,715,969

(1) See Note 18.

The accompanying notes are an integral part of the financial statements.

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

For the years ended December 31

	2004 - As Restated (1)	2003 - As Restated (1)	2002
Net income (loss)	$ 13,644	$ 6,654	$ (3,131)
Other comprehensive income			
Net unrealized holding gains on available-for-sale			
securities, net of tax and policyholder amounts	1,383	13,621	25,664
Reclassification adjustments of realized investment (gains)			
losses into net income, net of tax	(11,646)	(14,191)	1,853
Other comprehensive (loss) income	(10,263)	(570)	27,517
Comprehensive income	$ 3,381	$ 6,084	$ 24,386

(1) See Note 18.

The accompanying notes are an integral part of the financial statements

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SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

STATEMENTS OF STOCKHOLDER'S EQUITY

(in thousands)

For the years ended December 31

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2001	$ 2,100	$ 194,963	$ (2,201)	$ 27,820	$ 222,682
Net loss				(3,131)	(3,131)
Other comprehensive income			27,517		27,517
Capital contribution		45,000			45,000
Balance at December 31, 2002	2,100	239,963	25,316	24,689	292,068
Net income - **As Restated (1)**				6,654	6,654
Other comprehensive loss			(570)		(570)
Balance at December 31, 2003 - **As Restated (1)**	2,100	239,963	24,746	31,343	298,152
Net income - **As Restated (1)**				13,644	13,644
Other comprehensive loss			(10,263)		(10,263)
Balance at December 31, 2004 - **As Restated (1)**	$ 2,100	$ 239,963	$ 14,483	$ 44,987	$ 301,533

(1) See Note 18.

The accompanying notes are an integral part of the financial statements.

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

STATEMENTS OF CASH FLOWS

(in thousands)

For the years ended December 31

	2004 - As Restated (1)	2003 - As Restated (1)	2002
Cash Flows From Operating Activities			
Net income (loss)	$ 13,644	$ 6,654	$ (3,131)
Adjustments to reconcile net income (loss) to net cash			
provided by operating activities:			
Amortization of discount and premiums	11,239	13,252	11,281
Amortization of deferred policy acquisition costs	5,763	7,390	8,157
Net realized (gains) losses on investments	(9,301)	(10,647)	7,265
Interest credited to contractholder deposit funds	78,220	78,432	62,830
Deferred federal income taxes	7,185	4,971	(1,984)
Cumulative effect of change in accounting principle, net			
of tax	874	-	-
Changes in assets and liabilities:			
Deferred acquisition costs	(15,086)	(28,231)	(31,994)
Accrued investment income	826	(2,720)	(5,087)
Other, net	6,549	(34,752)	17,530
Future contract and policy benefits	132	8,250	591
Net cash provided by operating activities	100,045	42,599	65,458
Cash Flows From Investing Activities			
Sales, maturities and repayments of:			
Available-for-sale fixed maturities	1,531,260	905,423	995,278
Equity securities	766	-	-
Mortgage loans	19,960	4,285	6,103
Purchases of:			
Available-for-sale fixed maturities	(1,596,830)	(1,158,294)	(1,466,958)
Equity securities	(623)	-	-
Mortgage loans	(48,624)	(61,360)	(32,770)
Net change in payable/receivable of investments purchased			
and sold	(4,507)	(47,170)	73,474
Net change in policy loans	121	(4)	143
Net change in short-term investments	-	6,390	11,367
Net cash used in investing activities	(98,477)	(350,730)	(413,363)

(1) See Note 18.

The accompanying notes are an integral part of the financial statements.

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

STATEMENTS OF CASH FLOWS (Continued)

(in thousands)

For the years ended December 31

		2004 - As Restated (1)			2003 - As Restated (1)			2002
Cash Flows From Financing Activities:								
Deposits to contractholder deposit funds	$	147,241		$	363,764		$	572,888
Withdrawals from contractholder deposit funds		(171,504)			(152,886)			(171,608)
Capital contributions		-			-			45,000
Other, net		1,621			(10,375)			10,877
Net cash (used in) provided by financing activities		(22,642)			200,503			457,157
(Decrease) increase in cash and cash equivalents		(21,074)			(107,628)			109,252
Cash and cash equivalents, beginning of year		64,336			171,964			62,712
Cash and cash equivalents, end of year	$	43,262		$	64,336		$	171,964
Supplemental Information								
Income taxes (refunded) paid	$	(525)		$	(2,889)		$	3,292

Supplemental schedule of noncash activities:

Sun Life Insurance and Annuity Company of New York ("Sun NY Predecessor") and Keyport Benefit Life Insurance Company ("KBL") were merged on December 31, 2002, with Sun NY Predecessor as the surviving company ("the Company"). As part of the merger, the Company issued 4,001 additional shares of common stock in exchange for all the assets and liabilities of KBL. Total book value of assets acquired and liabilities assumed by the Company were $1,869.3 million and $1,652.8 million, respectively, at December 31, 2002.

(1) See Note 18.

The accompanying notes are an integral part of the financial statements.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

On December 31, 2002, Sun Life Insurance and Annuity Company of New York ("Sun NY Predecessor"), which was a wholly-owned subsidiary of Sun Life Assurance Company of Canada (U.S.) ("Sun Life U.S."), and Keyport Benefit Life Insurance Company ("KBL"), which was a wholly-owned subsidiary of Keyport Life Insurance Company ("Keyport"), an affiliate, merged, with Sun NY Predecessor as the surviving company ("the Company"), and the Company issued 4,001 additional shares of common stock to Keyport in exchange for the assets and liabilities of KBL. As a result of the additional common stock issuance, the Company became a subsidiary of both Keyport and Sun Life U.S., with Keyport owning 67% of the common stock of the Company. The merger had no effect on the existing rights and benefits of policyholders or contract holders of either company.

The merger was accounted for under Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." Under SFAS No. 141, transfers of net assets and exchanges of shares between entities under common control are recorded at their carrying amounts at the date of transfer. The financial statements of prior periods have been restated to give effect to the merger as of November 1, 2001, the date on which the predecessor companies came under common control.

On December 31, 2003, Keyport was merged with and into Sun Life U.S. with Sun Life U.S as the surviving company. Consequently, the Company is now a wholly-owned subsidiary of Sun Life U.S.

The Company is engaged in the sale of fixed and variable annuity contracts, group life, variable universal life, group stop-loss and group disability insurance contracts. These contracts are sold by insurance agents, some of whom are registered representatives of national and regional stock brokerage firms, and brokers. The Company is licensed and authorized to write all the business that was previously written by KBL and Sun NY Predecessor.

The Company is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc. ("SLC - U.S. Ops Holdings") and is an indirect wholly-owned subsidiary of Sun Life Financial Inc. ("SLF"), a reporting company under the Securities Exchange Act of 1934. SLF and its subsidiaries are collectively referred to herein as "Sun Life Financial."

As of December 31, 2004, SLC - U.S. Ops Holdings, was a direct wholly-owned subsidiary of Sun Life Assurance Company of Canada ("SLOC"), 150 King Street West, Toronto, Ontario, Canada. SLOC is a life insurance company incorporated in 1865. As of December 31, 2004, SLOC transacted business directly or through its subsidiaries and joint ventures in all of the Canadian provinces and territories, all of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Great Britain, Ireland, Hong Kong, Bermuda, Barbados, Philippines, Indonesia, China and India. SLOC is a direct wholly-owned subsidiary of SLF.

On January 4, 2005, a reorganization was completed under which most of SLOC's asset management businesses in Canada and the United States were transferred to Sun Life Financial Corp., a newly incorporated wholly-owned subsidiary of SLF. After this reorganization, the operations remaining in SLOC consist primarily of Sun Life Financial's life, health and annuities businesses in Canada, most of its life and health businesses in the United States, and all of its operations in the United Kingdom and Asia. SLOC continues to be a direct wholly-owned subsidiary of SLF. The Company is now an indirect subsidiary of Sun Life Financial Corp., and continues to be an indirect subsidiary of SLF.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for stock life insurance companies.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The most significant estimates are those used in determining fair value of financial instruments, goodwill, deferred policy acquisition costs ("DAC"), the liabilities for future policyholder benefits and other-than-temporary impairments of investment.

Financial Instruments

In the normal course of business, the Company may enter into transactions involving various types of financial instruments, including cash and cash equivalents, fixed maturity securities, mortgage loans, equity securities, debt, loan commitments and financial guarantees. These instruments involve credit risk and also may be subject to risk of loss due to interest rate fluctuation. The Company evaluates and monitors each financial instrument individually and, when appropriate, obtains collateral or other security to minimize losses.

Cash and Cash Equivalents

Cash and cash equivalents include cash, commercial paper, money market investments, and short term bank participations. All such investments have been purchased with maturities of three months or less and are considered cash equivalents for purposes of reporting cash flows.

Investments

The Company accounts for its investments in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At the time of purchase, fixed maturity securities are classified based on intent, as either held-to-maturity or available-for-sale. In order for the securities to be classified as held-to-maturity, the Company must have positive intent and ability to hold the securities to maturity. Securities held-to-maturity are stated at cost, adjusted for amortization of premiums and accretion of discounts. Securities that do not meet this criteria are classified as available-for-sale. Available-for-sale securities are carried at estimated fair value with changes in unrealized gains or losses reported as a separate component of other comprehensive income. Fair values for publicly traded securities are obtained from external market quotations. For privately placed fixed maturities, fair values are estimated by taking into account prices for publicly traded securities of similar credit risk, maturities, repayment and liquidity characteristics. The Company does not engage in trading activities. All of the Company's fixed maturity securities are classified as available-for-sale. All security transactions are recorded on a trade-date basis.

The Company's accounting policy for impairment requires recognition of an other-than-temporary impairment charge on a security if it is determined that the Company is unable to recover all amounts due under the contractual obligations of the security. Once an impairment charge has been recorded, the Company continues to review the other-than-temporarily impaired security for additional impairment, if necessary.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

Mortgage loans are stated at unpaid principal balances, net of provisions for estimated losses. Mortgage loans acquired at a premium or discount are carried at amortized values, net of provisions for estimated losses. Loans include commercial first mortgage loans and are diversified by property type and geographic area throughout the United States. Mortgage loans are collateralized by the related properties and generally are no more than 75% of the properties' value at the time that the original loan is made.

A loan is recognized as impaired when it is probable that the principal or interest is not collectible in accordance with the contractual terms of the loan. Measurement of impairment is based on the present value of expected future cash flows discounted at the loan's effective interest rate, or at the loan's observable market price. A specific valuation allowance is established if the fair value of the impaired loan is less than the recorded amount. Loans are also charged against the allowance when determined to be uncollectible. The allowance is based on a continuing review of the loan portfolio, past loss experience and current economic conditions, which may affect the borrower's ability to pay. While management believes that it uses the best information available to establish the allowance, future adjustments to the allowance may become necessary if economic conditions differ from the assumptions used in making the evaluation.

Policy loans are carried at the amount of the outstanding principal balance. The loans are collateralized by the respective insurance policy and do not exceed the net cash surrender value of the policy.

Realized gains and losses on the sales of investments are recognized in operations at the date of sale and are determined using the average cost method. When an impairment of a specific investment is determined to be other-than-temporary, a realized investment loss is recorded. Changes in the provision for estimated losses on mortgage loans are included in net realized investment gains and losses.

Income on investments is recorded on the accrual basis. Investments are placed in a non-accrual status when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of principal and interest is doubtful. When an investment is placed in non-accrual status, all interest previously accrued is reversed against current period interest income. Interest accruals are resumed on such investments only when they are brought fully current with respect to principal and interest, have performed on a sustained basis for a reasonable period of time, and when, in the judgment of management, the investments are estimated to be fully collectible as to both principal and interest.

Deferred Policy Acquisition Costs

Acquisition costs consist of commissions, underwriting and other costs that vary with and are primarily related to the production of new business. Acquisition costs related to investment-type contracts, primarily deferred annuity and guaranteed investment contracts, are deferred and amortized with interest in proportion to the present value of estimated gross profits to be realized over the estimated lives of the contracts. Estimated gross profits are composed of net investment income, net realized investment gains and losses, life and variable annuity fees, surrender charges and direct variable administrative expenses. This amortization is reviewed periodically and adjusted retrospectively by a cumulative charge or credit to current operations when the Company revises the actual profits and its estimate of future gross profits to be realized from investment-type contracts, including realized and unrealized gains and losses from investments.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Policy Acquisition Costs (continued)

Although realization of deferred policy acquisition cost ("DAC") is not assured, the Company believes it is more likely than not that all of these costs will be realized. The amount of DAC considered realizable, however, could be reduced in the near term if the estimates of gross profits discussed above are reduced.

Other Assets

Property, equipment, and leasehold improvements, which are included in other assets, are stated at cost, less accumulated depreciation and amortization. Depreciation is provided using the straight-line or accelerated method over the estimated useful lives of the related assets, which generally range from 3 to 10 years. Amortization of leasehold improvements is provided using the straight-line method over the lesser of the term of the lease or the estimated useful life of the improvements.

Policy liabilities and accruals

Future contract and policy benefits are liabilities for traditional life, disability, stop-loss and annuity products. Such liabilities are established in amounts adequate to meet the estimated future obligations of policies in force. The liabilities associated with traditional life insurance, annuity and disability insurance products are computed using the net level premium method based on assumptions about future investment yields, mortality, morbidity and persistency. The assumptions used are based upon the Company's experience and industry standards.

Contractholder deposit funds consist of policy values that accrue to the holders of investment-related products, such as deferred annuities and guaranteed investment contracts. The liabilities consist of net deposits and interest credited less administrative charges. The liability is before the deduction of any applicable surrender charges.

Other policy liabilities include liabilities for policy and contract claims. These amounts consist of the estimated amount payable for claims reported but not yet settled and an estimate of claims incurred but not reported. The amount reported is based upon historical experience, adjusted for trends and current circumstances. Management believes that the recorded liability is sufficient to provide for the associated claims adjustment expenses. Revisions of these estimates are included in operations in the year such refinements are made.

Revenue and Expenses

Premiums for traditional individual life and annuity products are considered revenue when due. Premiums related to group disability insurance and stop-loss are recognized as revenue pro-rata over the contract period. The unexpired portion of these premiums is recorded as unearned premiums. Revenue from investment-related products includes charges for cost of insurance (mortality), initiation and administration of the policy, and surrender charges. Revenue is recognized when the charges are assessed, except that any portion of an assessment that relates to services to be provided in future years is deferred and recognized over the period during which the services are provided.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expenses (continued)

Benefits and expenses related to traditional life, annuity, and disability contracts, including group policies and stop-loss, are recognized when incurred in a manner designed to match them with related premium revenue and spread income to be recognized over the expected policy lives. For investment-type contracts, benefits include death benefits in excess of account values, which are recognized as incurred.

Operating Expenses

Operating expenses primarily represent allocated compensation and general and administrative expenses. Management believes intercompany expenses are calculated on a reasonable basis; however, these amounts may not necessarily be indicative of the costs that would be incurred if the Company operated on a stand-alone basis.

Income Taxes

For 2004, the Company will file a stand-alone federal income tax return, as it did in 2003. For 2002, the Company filed a federal income tax return as part of a consolidated tax return with certain affiliates. Taxes are computed under SFAS No. 109, "Accounting for Income Taxes." Deferred income taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes, and for other temporary taxable and deductible differences as defined by SFAS No. 109. These differences result primarily from policy reserves, policy acquisition expenses and unrealized gains or losses on investments.

Separate Accounts

The Company has established separate accounts applicable to various classes of contracts providing for variable benefits and they are generally not subject to liabilities that arise from any other business of the Company. Separate account assets are subject to general account claims only to the extent the value of such assets exceeds the separate account liabilities. Contracts for which funds are invested in separate accounts include variable life insurance and individual qualified and non-qualified variable annuity contracts. Assets and liabilities of the separate accounts, representing net deposits and accumulated net investment earnings, less fees, held primarily for the benefit of contractholders, are shown as separate captions in the financial statements. Assets held in the separate accounts are carried at market value and the investment risk of such securities is retained by the policyholder.

Reclassification

Certain amounts in the prior years' financial statements have been reclassified to conform to the 2004 presentation.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

On January 1, 2004, the Company adopted the American Institute of Certified Public Accountants' (the "AICPA") Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" ("SOP 03-1"). The major provisions of SOP 03-1 that affect the Company require:

- Establishment of reserves primarily related to death benefit and income benefit guarantees provided under variable annuity contracts; and

- Deferral of sales inducements that meet certain criteria, and amortization using the same method used for DAC.

Effects of Adoption

The cumulative effect, reported after tax and net of related effects on DAC, upon adoption of SOP 03-1 at January 1, 2004, decreased net income and stockholder's equity by $0.9 million. The reduction in net income was comprised of an increase in benefit reserves (primarily for variable annuity contracts) of $0.9 million, pretax, and a decrease in DAC of $0.5 million, pretax.

In October 2004, the AICPA issued a technical bulletin on financial accounting and reporting issues related to SOP 03-1. Upon adoption of the guidance in the technical bulletin, the Company restated the amount of the cumulative effect of change in accounting principle in the accompanying financial statements from the amount previously reported in earlier quarters ($0.2 million). The previously reported 2004 quarterly unaudited financial information has also been restated in Item 8 of this Form 10-K/A to reflect the implementation of the technical bulletin provisions.

Liabilities for contract guarantees

The Company offers various guarantees to certain policyholders including a return of no less than (a) total deposits made on the contract less any customer withdrawals, (b) total deposits made on the contract less any customer withdrawals plus a minimum return, or (c) the highest contract value on a specified anniversary date minus any customer withdrawals following the contract anniversary. These guarantees include benefits that are payable in the event of death, upon annuitization, or at specified dates during the accumulation period of an annuity.

The table below represents information regarding the Company's variable annuity contracts with guarantees at December 31, 2004 (in 000's):

Benefit Type	Account balance	Net Amount at Risk	Average Attained Age
Minimum Death	$ 808,750	$ 66,329	63.7
Minimum Income	$ -	$ -	-
Minimum Accumulation or Withdrawal	$ 45,229	$ -	58.3

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liabilities for contract guarantees (continued)

The following summarizes the reserve for the guaranteed minimum death benefit at December 31, 2004 (in 000's):

	Guaranteed Minimum Death Benefit
Balance at January 1, 2004	$ 921
Incurred guaranteed benefits	345
Paid guaranteed benefits	(761)
Interest	28
Balance at December 31, 2004	$ 533

The Company did not have a liability for guaranteed minimum income benefits or any asset or liability associated with the guaranteed minimum accumulation or withdrawal benefits as of January 1, 2004. The guaranteed minimum accumulation or withdrawal benefit was a $0.2 million receivable at December 31, 2004.

Other Accounting Pronouncements

Effective December 31, 2003, the Company adopted the disclosure requirements of Emerging Issues Task Force ("EITF") Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." As a result, disclosures are required for unrealized losses on fixed maturity and equity securities accounted for under SFAS No. 115, "Accounting for Certain Investment in Debt and Equity Securities," that are classified as either available-for-sale or held-to-maturity.

The disclosure requirements include quantitative information regarding the aggregate amount of unrealized losses and the associated fair value of the investments in an unrealized loss position, segregated into time periods for which the investments have been in an unrealized loss position. EITF No. 03-1 also requires certain qualitative disclosures about holdings with unrealized losses in order to provide additional information that the Company considered in concluding that the unrealized losses were not other-than-temporary. For further discussion, see disclosures in Note 4.

On November 29, 2004, the AICPA issued a proposed Statement of Position ("SOP"), "Accounting by Insurance Enterprises for Deferred Acquisition Costs on Internal Replacements." The proposed SOP provides guidance on accounting by insurance companies for DAC on internal replacements other than those specifically described in SFAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments." The proposed SOP is effective for fiscal years beginning after December 15, 2005. The Company is in the process of evaluating the provisions of the proposed SOP and its impact on the Company's financial position and results of operations.

2. GOODWILL

Goodwill represents the difference between the purchase price paid and the fair value of the net assets acquired in connection with the acquisition of KBL. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is tested for impairment on an annual basis. The Company completed the required impairment tests of goodwill during the second quarter of 2004 and concluded that it was not impaired.

3. SIGNIFICANT TRANSACTIONS WITH AFFILIATES

The Company has agreements with Sun Life U.S. and certain affiliates, under which the Company receives, as requested, certain investment and administrative services on a cost reimbursement basis. Expenses under these agreements amounted to approximately $11.5 million, $11.1 million and $7.6 million for the years ended December 31, 2004, 2003 and 2002, respectively.

In 2002, the Company received $14.9 million of additional capital contributions from Sun Life U.S. and $30.1 million of additional capital contributions from Keyport.

The Company had $1.3 million and $4.0 million due to related parties at December 31, 2004 and 2003, respectively, and $5.3 million and $4.4 million due from related parties at December 31, 2004 and 2003, respectively.

During 2004 and 2003, the Company paid $1.0 million and $0.1 million, respectively, in commission fees to an affiliate, Sun Life Financial Distributors, Inc., formerly known as MFS/Sun Life Financial Distributors, Inc.

During 2004, 2003 and 2002 the Company paid $2.5 million, $3.1 million and $1.2 million, respectively, in commission fees to Independent Financial Marketing Group, Inc., an affiliate.

As more fully described in Note 8, the Company has been involved in several reinsurance transactions with SLOC.

As more fully described in Note 9, the Company participates in a pension plan and other post-retirement benefits plan sponsored by Sun Life U.S.

Management believes intercompany revenues and expenses are calculated on a reasonable basis; however, these amounts may not necessarily be indicative of the costs that would be incurred if the Company operated on a stand-alone basis.

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2004, 2003 and 2002

4. INVESTMENTS

Fixed Maturities

The amortized cost and fair value of the Company's fixed maturities were as follows (in 000's):

	December 31, 2004			
		Gross	Gross	
	Amortized	Unrealized	Unrealized	Estimated
	Cost	Gains	(Losses)	Fair Value
Available-for-sale fixed maturities :				
Non-Corporate Securities				
Asset backed and mortgage backed securities	$ 279,949	$ 3,589	$ (1,646)	$ 281,892
Foreign government & agency securities	6,682	608	-	7,290
U.S. treasury & agency securities	74,747	333	(190)	74,890
Total Non-Corporate Securities	361,378	4,530	(1,836)	364,072
Corporate Securities				
Basic industry	12,369	702	-	13,071
Capital goods	93,749	2,657	(209)	96,197
Communications	165,978	4,707	(1,005)	169,680
Consumer cyclical	192,745	4,895	(558)	197,082
Consumer noncyclical	50,500	2,251	(54)	52,697
Energy	63,571	3,380	(106)	66,845
Finance	557,305	9,099	(1,451)	564,953
Technology	12,393	508	(153)	12,748
Transportation	61,654	1,365	(1,214)	61,805
Utilities	187,949	7,293	(443)	194,799
Other	51,173	1,220	(323)	52,070
Total Corporate Securities	1,449,386	38,077	(5,516)	1,481,947
Total available-for-sale fixed maturities	$ 1,810,764	$ 42,607	$ (7,352)	$ 1,846,019

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2004, 2003 and 2002

4. INVESTMENTS (continued)

	December 31, 2003			
		Gross	Gross	
	Amortized	Unrealized	Unrealized	Estimated
	Cost	Gains	(Losses)	Fair Value
Available-for-sale fixed maturities :				
Non-Corporate Securities				
Asset backed and mortgage backed securities	$ 313,303	$ 5,751	$ (5,152)	$ 313,902
Foreign government & agency securities	7,859	393	(2)	8,250
U.S. treasury & agency securities	92,543	1,006	(2)	93,547
Total Non-Corporate Securities	413,705	7,150	(5,156)	415,699
Corporate Securities				
Basic industry	38,944	1,827	(5)	40,766
Capital goods	68,563	4,540	(119)	72,984
Communications	133,742	4,807	(990)	137,559
Consumer cyclical	166,590	8,824	(50)	175,364
Consumer noncyclical	50,813	1,740	(36)	52,517
Energy	64,584	3,746	(161)	68,169
Finance	405,646	13,246	(1,028)	417,864
Technology	19,426	644	-	20,070
Transportation	50,293	1,380	(1,925)	49,748
Utilities	265,091	11,386	(1,771)	274,706
Other	69,726	1,581	(402)	70,905
Total Corporate Securities	1,333,418	53,721	(6,487)	1,380,652
Total available-for-sale fixed maturities	$ 1,747,123	$ 60,871	$ (11,643)	$ 1,796,351

4. INVESTMENTS (Continued)

The amortized cost and estimated fair value by maturity periods for fixed maturities are shown below (in 000's). Actual maturities may differ from contractual maturities on asset-backed securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties, or the Company may have the right to put or sell the obligations back to the issuers.

	December 31, 2004			
	Amortized Cost		Fair Value	
Maturities of available-for-sale fixed securities:				
Due in one year or less	$	148,590	$	149,548
Due after one year through five years		629,455		638,841
Due after five years through ten years		435,073		448,305
Due after ten years		317,697		327,433
Subtotal		1,530,815		1,564,127
Asset-backed securities		279,949		281,892
Total	$	1,810,764	$	1,846,019

Gross gains of $17.5 million, $14.0 million and $5.9 million, and gross losses of $7.5 million, $2.6 million and $8.5 million were realized on the voluntary sale of fixed maturities for the years ended December 31, 2004, 2003 and 2002, respectively.

Fixed maturities with an amortized cost of approximately $0.4 million at December 31, 2004 and 2003, respectively, were on deposit with governmental authorities as required by law.

As of December 31, 2004, 96.0% of the Company's fixed maturities were investment grade. Investment grade securities are those that are rated "BBB" or better by nationally recognized rating agencies. During 2004, 2003 and 2002, the Company incurred realized losses totaling $0.7 million, $1.1 million, and $4.8 million, respectively, for other-than-temporary impairments. During 2004, 2003 and 2002, $0.1 million, $0.3 million and $0.2 million, respectively, of the prior years' losses were recovered through disposition and are included in realized gains.

The Company has discontinued the accrual of income on several of its holdings for issuers that are in default. The termination of accrual accounting on these holdings reduced income by $38,000, $198,000, and $98,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

4. INVESTMENTS (Continued)

The gross unrealized losses and fair value of investments, which have been deemed to be temporarily impaired, aggregated by investment category, number of securities and length of time that securities have been in an unrealized loss position at December 31, 2004 is as follows (in 000's):

	Less than 12 months			12 months or more			Total		
	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses
Non-Corporate Securities									
Asset backed and mortgage backed securities	26	$ 86,923	$ (521)	4	$ 5,269	$ (1,125)	30	$ 92,192	$ (1,646)
U.S. treasury & agency securities	8	66,621	(190)	-	-	-	8	66,621	(190)
Total Non-Corporate Securities	34	153,544	(711)	4	5,269	(1,125)	38	158,813	(1,836)
Corporate Securities									
Basic industry	1	1,075	(1)	-	-	-	1	1,075	(1)
Capital goods	5	22,048	(155)	2	2,518	(54)	7	24,566	(209)
Communications	11	31,065	(713)	3	7,086	(292)	14	38,151	(1,005)
Consumer cyclical	11	48,527	(558)	-	-	-	11	48,527	(558)
Consumer noncyclical	3	4,015	(54)	-	-	-	3	4,015	(54)
Energy	2	1,932	(29)	1	1,668	(77)	3	3,600	(106)
Finance	32	164,847	(1,005)	8	13,728	(446)	40	178,575	(1,451)
Technology	1	6,847	(152)	-	-	-	1	6,847	(152)
Transportation	2	10,265	(59)	16	8,407	(1,155)	18	18,672	(1,214)
Utilities	7	28,840	(319)	3	3,910	(124)	10	32,750	(443)
Other	2	5,585	(140)	1	9,304	(183)	3	14,889	(323)
Total Corporate Securities	77	325,046	(3,185)	34	46,621	(2,331)	111	371,667	(5,516)
Total fixed maturities available-for-sale	111	$ 478,590	$ (3,896)	38	$ 51,890	$ (3,456)	149	$ 530,480	$ (7,352)

4. INVESTMENTS (Continued)

The gross unrealized losses and fair value of investments, which have been deemed to be temporarily impaired, aggregated by investment category, number of securities and length of time that securities have been in an unrealized loss position at December 31, 2003 is as follows (in 000's):

	Less than 12 months			12 months or more			Total		
	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses

Non-Corporate Securities									
Asset backed and mortgage backed securities	20	$ 35,744	$ (1,637)	7	$ 8,817	$ (3,515)	27	$ 44,561	$ (5,152)
Foreign government & agency securities	1	181	(1)	-	-	-	1	181	(1)
U.S. treasury & agency securities	1	21,240	(2)	-	-	-	1	21,240	(2)
Total Non-Corporate Securities	22	57,165	(1,640)	7	8,817	(3,515)	29	65,982	(5,155)
Corporate Securities									
Basic industry	2	211	(5)	-	-	-	2	211	(5)
Capital goods	3	6,469	(119)	-	-	-	3	6,469	(119)
Communications	13	32,287	(990)	-	-	-	13	32,287	(990)
Consumer cyclical	4	11,655	(50)	-	-	-	4	11,655	(50)
Consumer noncyclical	6	4,541	(36)	-	-	-	6	4,541	(36)
Energy	3	5,755	(161)	-	-	-	3	5,755	(161)
Finance	20	38,648	(751)	6	20,658	(278)	26	59,306	(1,029)
Transportation	16	14,608	(805)	3	5,330	(1,119)	19	19,938	(1,924)
Utilities	17	56,334	(1,399)	3	5,775	(372)	20	62,109	(1,771)
Other	5	27,202	(395)	1	246	(8)	6	27,448	(403)
Total Corporate Securities	89	197,710	(4,711)	13	32,009	(1,777)	102	229,719	(6,488)
Total fixed maturities available-for-sale	111	$ 254,875	$ (6,351)	20	$ 40,826	$ (5,292)	131	$ 295,701	$ (11,643)

The Company has a comprehensive process in place to identify potential problem securities that could have an impairment that is other-than-temporary. At the end of each quarter, all securities with an unrealized loss for more than six months are reviewed. An analysis is undertaken to determine whether this decline in market value is other-than-temporary. The Company's process focuses on issuer operating performance as well as overall industry and market conditions. Any deterioration in operating performance is assessed relative to the impact on issuer financial ratios, including leverage and coverage measures specific to an industry and relative to any investment covenants. Additionally, the Company's analysis assesses each issuer's ability to service its debts in a timely fashion, the length of time the security has been in an unrealized loss position, rating agency actions, and any other key developments. The Company has a Credit Committee that includes members from its Investment, Finance and Actuarial functions. The Credit Committee meets and reviews the results of the Company's impairment analysis on a quarterly basis.

Mortgage loans

The Company invests in commercial first mortgage loans throughout the United States. Investments are diversified by property type and geographic area.

4. INVESTMENTS (Continued)

Mortgage loans

Mortgage loans are collateralized by the related properties and generally are no more than 75% of the properties' value at the time that the original loan is made.

The Company monitors the condition of the mortgage loans in its portfolio. In those cases where mortgages have been restructured, appropriate allowances for losses have been made. In those cases where, in management's judgment, the mortgage loan's value has been impaired, appropriate losses are recorded. The Company had no restructured mortgage loans at December 31, 2004 and 2003, respectively.

Mortgage loans comprised the following property types and geographic regions (in 000's):

	December 31,			
Property Type:	**2004**			**2003**
Office building	$	44,882	$	45,630
Residential		1,552		1,591
Retail		55,231		37,022
Industrial/warehouse		29,016		15,950
Other		6,116		7,884
Valuation allowance		(236)		(81)
Total	$	136,561	$	107,996

	December 31,			
Geographic region:	**2004**			**2003**
Arizona	$	7,082	$	6,727
California		10,525		5,150
Colorado		6,047		6,174
Delaware		11,925		8,814
Florida		21,480		15,915
Georgia		6,134		790
Indiana		6,727		6,221
Maryland		4,823		7,830
Michigan		426		471
Minnesota		2,760		2,838
Missouri		2,335		1,294
Nevada		1,243		-
New Jersey		2,720		2,800
New York		7,382		6,657
North Carolina		2,383		-
Ohio		12,500		7,291
Pennsylvania		14,957		16,136
Texas		6,414		4,775
Utah		2,851		1,869
Virginia		4,056		4,200
Other		2,027		2,125
Valuation allowance		(236)		(81)
Total	$	136,561	$	107,996

4. INVESTMENTS (Continued)

At December 31, 2004, scheduled mortgage loan maturities were as follows (in 000's):

2005	$	-
2006		-
2007		9,397
2008		5,065
2009		388
Thereafter		121,711
Total	$	136,561

Actual maturities could differ from contractual maturities because borrowers may have the right to prepay obligations, with or without prepayment penalties, and loans may be refinanced.

The Company has made commitments of mortgage loans on real estate and other loans into the future. The outstanding commitments for these mortgages amounted to $2.6 million and $18.6 million at December 31, 2004 and 2003, respectively.

5. NET REALIZED INVESTMENT GAINS AND LOSSES

Net realized investment gains (losses) consisted of the following for the years ended December 31 (in 000's):

	2004		**2003**		**2002**
Fixed maturities	$ 9,916		$ 11,421		$ (2,641)
Mortgage loans	(155)		-		-
Short-term investments	143		1		3

Other than temporary declines	(689)	(1,122)	(4,837)
Sales of impaired assets	86	347	210
Total	$ 9,301	$ 10,647	$ (7,265)

6. NET INVESTMENT INCOME

Net investment income consisted of the following for the years ended December 31 (in 000's):

	2004	2003	2002
Fixed maturities	$ 86,999	$ 82,165	$ 72,786
Mortgage loans	7,982	4,693	2,640
Other	295	38	139
Gross investment income	95,276	86,896	75,565
Less: Investment expenses	1,406	1,594	718
Net investment income	$ 93,870	$ 85,302	$ 74,847

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31 (in 000's):

	2004		2003	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 43,262	$ 43,262	$ 64,336	$ 64,336
Fixed maturities	1,846,019	1,846,019	1,796,351	1,796,351
Mortgages	136,561	142,819	107,996	113,644
Policy loans	153	153	274	274
Separate account assets	647,184	647,184	580,203	580,203
Financial liabilities:				
Contractholder deposit funds	1,774,281	1,701,333	1,719,446	1,644,520
Separate account liabilities	647,184	647,184	580,203	580,203

The fair values of cash and cash equivalents are estimated to be cost plus accrued interest. The fair values of short-term bonds are estimated to be amortized cost. The fair values of publicly traded fixed maturities are based upon market prices or dealer quotes. For privately placed fixed maturities, fair values are estimated by taking into account prices for publicly traded securities of similar credit risk, maturity, repayment and liquidity characteristics. The fair values of mortgage loans are estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The estimated fair value of assets held in separate accounts is based on quoted market prices. The fair value of liabilities related to separate accounts is the amount payable on demand, which excludes surrender charges

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Policy loans are stated at unpaid principal balances, which approximate fair value.

The fair values of the Company's contractholder deposits under investment-type contracts (insurance, annuity and pension contracts that do not involve mortality or morbidity risks) are estimated using discounted cash flow analyses or surrender values based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for all contracts being valued. Those contracts that are deemed to have short-term guarantees have a carrying amount equal to the estimated market value.

8. REINSURANCE

The Company had an agreement with SLOC whereby SLOC reinsured the mortality risks of the Company's group life insurance contracts. Under this agreement, certain death benefits were reinsured on a yearly renewable term basis. The agreement provided that SLOC would reinsure the mortality risks in excess of $50,000 per claim for group life contracts ceded by the Company. The treaty was commuted effective December 31, 2004.

The Company had an agreement with SLOC whereby SLOC reinsured morbidity risks of a block of the Company's group long-term disability contracts. The treaty was commuted effective December 31, 2004.

The Company has an agreement with an unrelated company whereby the unrelated company reinsures the mortality risks of the Company's group life contracts. Under this agreement, certain group life mortality benefits are reinsured on a yearly renewable term basis. The agreement provides that the unrelated company will reinsure amounts above $700,000 per claim for group life contracts ceded by the Company.

The Company has an agreement with an unrelated company whereby the unrelated company reinsures the morbidity risks of the Company's group long-term disability contracts. Under this agreement, certain long-term disability benefits are reinsured on a yearly renewable term basis. The agreement provides that the unrelated company will reinsure amounts above $4,000 per claim per month for long-term disability contracts ceded by the Company.

The Company has an agreement with an unrelated company whereby the unrelated company reinsures the morbidity risks of the Company's group stop-loss contracts. Under this agreement, certain stop-loss benefits are reinsured on a yearly renewable term basis. The agreement provides that the unrelated company will reinsure specific claims for amounts above $1,000,000 per claim for medical stop-loss contracts ceded by the Company.

The effects of reinsurance were as follows (in 000's):

	For the Years Ended December 31,		
	2004	2003	2002
Insurance premiums:			
Direct	$ 37,251	$ 33,418	$ 25,900
Ceded - Affiliated	-	3,468	4,133
Ceded - Non-affiliated	2,245	1,493	1,482
Net Premiums	$ 35,006	$ 28,457	$ 20,285
Insurance and other individual policy benefits and claims			
Direct	$ 29,412	$ 31,276	$ 19,644
Ceded - Affiliated	1,493	3,775	2,858
Ceded - Non-affiliated	1,297	850	358
Net policy benefits and claims	$ 26,622	$ 26,651	$ 16,428

8. REINSURANCE (Continued)

The Company is contingently liable for the portion of the policies reinsured under each of its existing reinsurance agreements in the event the reinsurance companies are unable to pay their portion of any reinsured claim. Management believes that any liability from this contingency is unlikely. However, to limit the possibility of such losses, the Company periodically evaluates the financial condition of its reinsurers and monitors concentration of credit risk.

9. RETIREMENT PLANS

Pension Plan

The Company participates in a non-contributory defined benefit pension plan that is sponsored by Sun Life U.S., which is directly liable for the related obligations. Benefits under the plan are based on years of service and employees' average compensation. The Company is allocated a portion of the pension plan expenses. The allocated expenses were $25,000, $41,000 and $14,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company participates in a 401(K) plan sponsored by Sun Life U.S. for which substantially all employees of at least age 21 are eligible at date of hire. Under the plan, employer contributions are matched up to a specified amount of the employee's contributions to the plan. The Company's portion of this employer contribution was $19,000, $23,000 and $15,700 for the years ended December 31, 2004, 2003 and 2002, respectively.

Other Post-Retirement Benefit Plans

The Company participates in a plan sponsored by Sun Life U.S. that provides certain health, dental and life insurance benefits ("post-retirement benefits") for retired employees and dependents. Substantially all employees of the participating companies may become eligible for these benefits if they reach normal retirement age, or retire early upon satisfying an alternate age plus service condition. Life insurance benefits are generally set at a fixed amount. The Company is allocated a portion of these post-retirement benefit plans expenses. The allocated expenses were $13,000, $4,000 and $11,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

10. FEDERAL INCOME TAXES

For 2004, the Company will file a stand-alone federal income tax return, as it did for 2003. In 2007, and periods thereafter, the Company will file a consolidated tax return with SLC - U.S. Ops Holdings, an affiliate. For periods prior to 2003, the Company participated in a consolidated tax return with certain affiliates; however, federal income taxes were calculated as if the Company was filing a separate federal income tax return. A summary of the components of federal income tax expense (benefit) in the statements of operations for the years ended December 31, was as follows (in 000's):

	2004 Restated	2003 Restated	2002
Federal income tax expense (benefit):			
Current	$ 124	$ (1,996)	$ 274
Deferred	7,105	5,145	(1,984)
Total	$ 7,229	$ 3,149	$ (1,710)

10. FEDERAL INCOME TAXES (continued)

Federal income taxes attributable to operations are different from the amounts determined by multiplying income before federal income taxes by the expected federal income tax rate of 35%. The Company's effective rate differed from the federal income tax rate as follows (in 000's):

	2004 Restated	2003 Restated	2002
Expected federal income tax expense (benefit)	$ 7,640	$ 3,431	$ (1,695)
Other	(411)	(282)	(15)
Federal income tax expense (benefit)	$ 7,229	$ 3,149	$ (1,710)

The net deferred income tax liability represents the tax effects of temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes. The components of the Company's deferred tax assets and liabilities as of December 31 were as follows (in 000's):

	2004 Restated	2003 Restated
Deferred tax assets:		
Actuarial liabilities	$ 24,794	$ 21,583
Net operating loss	1,357	4,856
Total deferred tax assets	26,151	26,439
Deferred tax liabilities:		
Investments, net	(13,705)	(17,033)
Deferred policy acquisition costs	(13,488)	(10,513)
Other	(3,907)	(2,736)
Total deferred tax liabilities	(31,100)	(30,282)
Net deferred tax liabilities	$ (4,949)	$ (3,843)

10. FEDERAL INCOME TAXES (Continued)

For periods prior to 2003, payments were made under certain tax sharing agreements with affiliates that required each company to calculate its liability as if it filed a separate return. Sun NY Predecessor had cash payments to Sun Life U.S. for federal income taxes of approximately $2.7 million for the year ended December 31, 2002 and had cash received of approximately $2.0 million for the year ended December 31, 2003. Similarly, KBL paid approximately $0.6 million to Keyport for federal income taxes for the year ended December 31, 2002 and received approximately $1.0 million from Keyport for the year ended December 31, 2003. At December 31, 2004, the Company had $3.9 million of net operating loss carryforwards which will expire, if unused, in 2017.

The Company's federal income tax returns are routinely audited by the Internal Revenue Service ("IRS"), and provisions are made in the financial statements in anticipation of the results of these audits. Sun NY Predecessor is currently under audit by the IRS for the years 2001 through 2002. In the Company's opinion, adequate tax liabilities have been established for all years and any adjustments that might be required for the years under audit will not have a material effect on the Company's financial statements. However, the amounts of these tax liabilities could be revised in the future if estimates of the Company's ultimate liability are revised.

11. LIABILITY FOR UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Activity in the liability for unpaid claims and claims adjustment expenses related to the stop-loss, group life and group disability products is summarized below (in 000's):

	2004	2003
Balance at January 1	$ 31,337	$ 24,294
Less reinsurance receivable	(9,146)	(6,621)
Net balance at January 1	22,191	17,673
Incurred related to:		
Current year	20,889	14,711
Prior years	910	(69)
Total incurred	21,799	14,642
Paid losses related to:		
Current year	(12,009)	(5,867)
Prior years	(5,791)	(4,258)
Total paid	(17,800)	(10,125)
Balance at December 31	32,571	31,337
Less reinsurance receivable	(6,381)	(9,146)
Net balance at December 31	$ 26,190	$ 22,191

The Company regularly updates its estimates of liabilities for unpaid claims and claims adjustment expenses as new information becomes available and further events occur which may impact the resolution of unsettled claims for its group disability line of business. Changes in prior estimates are recorded in results of operations in the year such changes are determined to be needed.

12. DEFERRED POLICY ACQUISITION COSTS

The changes in DAC for the years ended December 31, were as follow (in 000's):

	2004 Restated	2003 Restated
Balance at January 1	$ 59,607	$ 46,567
Acquisition costs deferred	15,078	28,231
Amortized to expense during year	(6,188)	(7,390)
Adjustment for unrealized investment gains		
during year	(1,807)	(7,801)
Balance at December 31	$ 66,690	$ 59,607

13. SEGMENT INFORMATION

The Company conducts business principally in three operating segments and maintains a corporate segment to provide for the capital needs of the various operating segments and to engage in other financing-related activities. Each segment was defined consistent with the way results are evaluated by the chief operating decision-maker. As a result of the merger at December 31, 2002, KBL's results are included with the Wealth Management Segment. Net investment income is allocated based on segmented assets by line of business. The Company does not materially depend on one or a few customers, brokers or agents for a significant portion of its operations.

Wealth Management

The Wealth Management Segment markets and administers individual and group fixed and variable annuity products.

Group Protection

The Group Protection Segment markets and administers group life insurance, stop-loss insurance, long-term disability and short-term disability products. These products are sold to employers that provide group benefits for their employees.

Individual Protection

The individual insurance products offered by the Individual Protection Segment are universal life, variable universal life and conversions from the Company's group life product.

Corporate

The Corporate segment includes the unallocated capital of the Company and items not otherwise attributable to the other segments. Management evaluates the results of the operating segments on an after-tax basis.

13. SEGMENT INFORMATION (Continued)

The following amounts pertained to the various business segments (in 000's):

Year ended December 31, 2004 (Restated)	Wealth Management	Group Protection	Individual Protection	Corporate	Totals
Total Revenues	$ 116,274	$ 34,908	$ 836	$ (279)	$ 151,739
Total Expenditures	96,973	31,605	1,386	(54)	129,910
Pretax Income (Loss)	19,301	3,303	(550)	(225)	21,829
Net Income (Loss)	$ 11,766	$ 2,147	$ (357)	$ 88	$ 13,644
Total Assets	$ 2,735,845	$ 53,131	$ 2,043	$ 21,283	$ 2,812,302

Year ended December 31, 2003 (Restated)	Wealth Management	Group Protection	Individual Protection	Corporate	Totals
Total Revenues	$ 108,427	$ 26,609	$ 873	$ 2,485	$ 138,394
Total Expenditures	102,327	25,712	713	(161)	128,591
Pretax Income	6,100	897	160	2,646	9,803
Net Income	$ 4,088	$ 608	$ 113	$ 1,845	$ 6,654
Total Assets	$ 2,632,557	$ 46,535	$ 1,460	$ 35,417	$ 2,715,969

Year ended December 31, 2002	Wealth Management	Group Protection	Individual Protection	Corporate	Totals
Total Revenues	$ 77,917	$ 20,181	$ 422	$ 1,033	$ 99,553
Total Expenditures	89,093	15,630	350	(679)	104,394
Pretax (Loss) Income	(11,176)	4,551	72	1,712	(4,841)
Net (Loss) Income	$ (7,493)	$ 3,195	$ 51	$ 1,116	$ (3,131)
Total Assets	$ 2,352,845	$ 34,946	$ 1,282	$ 16,188	$ 2,405,261

14. REGULATORY FINANCIAL INFORMATION

The Company is required to file quarterly and annual statements with the Insurance Department of the State of New York prepared on a statutory accounting basis prescribed or permitted by the State of New York. Statutory net income and capital stock and surplus differ from net income and stockholder's equity reported in accordance with GAAP for stock life insurance companies primarily because, under statutory basis accounting, policy acquisition costs are expensed when incurred, reserves are based on different assumptions, investments are valued differently, post-retirement benefit costs are based on different assumptions and reflect a different method of adoption, and income tax expense reflects only taxes paid or currently payable.

The Company's statutory surplus and net income (loss) were as follows (in 000's):

	For the Years ended December 31,		
	2004	2003	2002
Statutory surplus and capital	$ 192,131	$ 186,480	$ 162,669

Statutory net income (loss)	14,807	16,477	(16,547)

15. DIVIDEND RESTRICTIONS

The Company's ability to pay dividends is subject to certain statutory restrictions. The State of New York has enacted laws governing the payment of dividends to stockholders by domestic insurers. New York law permits a domestic stock life insurance company to distribute a dividend to its shareholders without prior notice to the New York Superintendent of Insurance where the aggregate amount of such dividend in any calendar year does not exceed the lesser of: (i) ten percent of its surplus to policyholders as of the immediately preceding calendar year; or (ii) its net gain from operations for the immediately preceding calendar year, not including realized capital gains. No dividends were paid by the Company during 2004, 2003 or 2002.

16. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated other comprehensive income as of December 31 were as follows (in 000's):

	2004	2003
Unrealized gains on available-for-sale securities	$ 35,255	$ 49,228
DAC unrealized amortization	(12,546)	(10,739)
Tax effect	(8,226)	(13,743)
Accumulated other comprehensive income	$ 14,483	$ 24,746

17. COMMITMENTS AND CONTINGENCIES

Regulatory and Industry Developments

Unfavorable economic conditions may contribute to an increase in the number of insurance companies that are under regulatory supervision. This may result in an increase in mandatory assessments by the New York state guaranty fund.

17. COMMITMENTS AND CONTINGENCIES (Continued)

Regulatory and Industry Developments

As part of an industry wide investigation, state regulators are investigating certain compensation arrangements and other business practices between insurance companies and brokers. Certain of the Company's affiliates have received requests for information from state regulators and are cooperating with respect to these matters.

The Company's variable annuity contracts and variable life insurance policies are subject to various levels of regulation under federal securities laws administered by the Securities and Exchange Commission (the "SEC") and under certain state securities laws. On or about October 30, 2003, the Company received a request from the SEC for information regarding its policies, practices and procedures with respect to subaccount "market timing," its policies, practices and procedures with respect to receiving and processing exchange orders from contract owners, and its oversight of such activities in the Company's separate accounts. The Company responded to this request and an additional related request. On March 4, 2004, the Boston District Office of the SEC notified the Company that it intended to commence an examination of the Company and certain of its affiliates pursuant to Section 31(b) of the Investment Company Act of 1940 and the Securities Exchange Act of 1934 relating to these and certain other subjects. The Company is cooperating with the SEC in these matters.

In addition, the SEC and other regulators have conducted or are conducting investigations and examinations of certain of the Company's affiliates relating to various issues, including market timing and late trading of mutual funds and variable insurance products, directed brokerage, revenue-sharing and other arrangements with distributors, and recordkeeping requirements.

Litigation

The Company is not aware of any contingent liabilities arising from litigation, income taxes and other matters that could have a material effect upon the financial condition, results of operations or cash flow of the Company.

Indemnities

In the normal course of business, the Company has entered into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, outsourcing agreements, underwriting and agency agreements, information technology agreements, distribution agreements and service agreements. The Company has also agreed to indemnify its directors and certain of its officers and employees in accordance with the Company's by-laws. Due to the nature of these indemnification agreements, it is not possible to estimate the Company's potential liability.

Lease Commitments

The Company leases various facilities and equipment under non-cancelable operating leases with terms of up to 10 years. As of December 31, 2004, minimum future lease payments under such leases are as follows (in 000's):

2005	$ 183
2006	220
2007	235
2008	242
2009	246
Thereafter	41
Total	$ 1,167

Total rental expense for the years ended December 31, 2004, 2003 and 2002 was $1.0 million, $1.1 million and $1.1 million, respectively.

18. RESTATEMENT

Subsequent to the issuance of its 2004 financial statements, the Company determined that DAC and amortization of DAC were misstated. As a result, the accompanying 2004 and 2003 financial statements have been restated from the amounts previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. A summary of the significant effects of the restatement is as follows (in 000's):

	2004		2003	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Statements of Operations				
For the year ended December 31:				
Amortization of deferred policy acquisition costs	$ 5,224	$ 5,763	$ 17,501	$ 7,390
Total benefits and expenses	$ 129,371	$ 129,910	$ 138,702	$ 128,591
Income (loss) before income tax expense (benefit)				
and cumulative effect of change in accounting				
principle	$ 22,368	$ 21,829	$ (308)	$ 9,803
Federal income tax expense (benefit)	$ 7,418	$ 7,229	$ (390)	$ 3,149
Income (loss) before cumulative effect of change in				
accounting principle, net of tax	$ 14,868	$ 14,518	$ 82	$ 6,654
Cumulative effect of change in accounting principle, net of tax	$ (382)	$ (874)	$ -	$ -
Net income	$ 14,486	$ 13,644	$ 82	$ 6,654

	2004		2003	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Balance Sheets				
At December 31:				
Deferred policy acquisition costs	$ 57,877	$ 66,690	$ 49,496	$ 59,607
Total assets	$ 2,803,489	$ 2,812,302	$ 2,705,858	$ 2,715,969
Deferred federal income taxes	$ 1,866	$ 4,949	$ 304	$ 3,843
Total liabilities	$ 2,507,686	$ 2,510,769	$ 2,414,278	$ 2,417,817
Retained earnings	$ 39,257	$ 44,987	$ 24,771	$ 31,343
Total stockholder's equity	$ 295,803	$ 301,533	$ 291,580	$ 298,152

18. RESTATEMENT (continued)

	2004	2003

	As Previously		As Previously	
	Reported	As Restated	Reported	As Restated
Statements of Comprehensive Income				
For the year ended December 31:				
Net income	$ 14,486	$ 13,644	$ 82	$ 6,654
Comprehensive income (loss)	$ 4,223	$ 3,381	$ (488)	$ 6,084

	2004		2003	
	As Previously		As Previously	
	Reported	As Restated	Reported	As Restated
Statements of Stockholder's Equity				
For the year ended December 31:				
Net income	$ 14,486	$ 13,644	$ 82	$ 6,654
Retained earnings	$ 39,257	$ 44,987	$ 24,771	$ 31,343
Total stockholder's equity	$ 295,803	$ 301,533	$ 291,580	$ 298,152

	2004		2003	
	As Previously		As Previously	
	Reported	As Restated	Reported	As Restated
Statements of Cash Flows				
For the year ended December 31:				
Cash Flows From Operating Activities				
Net income	$ 14,486	$ 13,644	$ 82	$ 6,654
Adjusments to reconcile net income to net cash				
Provided by (used in) operating activities:				
Amortization of deferred policy acquisition costs	$ 5,224	$ 5,763	$ 17,501	$ 7,390
Deferred federal income taxes	$ 7,375	$ 7,185	$ 1,432	$ 4,971
Cumulative effect of change in accounting principle, net of tax	$ 382	$ 874	$ -	$ -

19. SUBSEQUENT EVENT

As described in Note 17, the Company is cooperating with the SEC in its continuing investigations and examinations with respect to various issues. As a result of these investigations and examinations, the Company is engaged in discussions with the SEC that may lead to settled administrative actions involving the Company. At this time, management cannot reasonably estimate an amount to be recorded in the Company's financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Sun Life Insurance and Annuity Company of New York
Wellesley Hills, Massachusetts

We have audited the accompanying balance sheets of Sun Life Insurance and Annuity Company of New York (the "Company") as of December 31, 2004 and 2003, and the related statements of operations, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Sun Life Insurance and Annuity Company of New York as of December 31, 2004 and 2003, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 1 to the financial statements, effective January 1, 2004, the Company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts."

As discussed in Note 18, the accompanying 2004 and 2003 financial statements and financial statement schedules have been restated.

DELOITTE & TOUCHE LLP

Boston, Massachusetts

March 18, 2005

(April 29, 2005 as to Note 19 and the effects of the restatement discussed in Note 18.)

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (CONTINUED).

Supplementary financial information as required by Item 302(a) of Regulation S-K is provided below.

Quarterly Financial Data (Unaudited)

In October 2004, the AICPA issued a technical bulletin on financial accounting and reporting issues related to SOP 03-1. Upon adoption of the guidance in the technical bulletin, the Company restated the amount of the cumulative effect of change in accounting principle in the accompanying financial statements from the amount previously reported in earlier quarters ($0.2 million). The previously reported 2004 quarterly financial information has also been restated below to reflect the implementation of the technical bulletin provisions. The impact to the second and third quarters of 2004 was not material.

The following is a tabulation of the unaudited quarterly results of operations (in 000's).

	2004 Quarters							
	(Restated)							
	March 31		June 30		September 30		December 31	
Premiums and other revenue	$	12,362	$	11,605	$	11,745	$	12,856
Net investment income and net realized gains		26,861		23,299		26,355		26,656
		39,223		34,904		38,100		39,512
Policyholder and other expenses		34,370		30,706		31,392		33,442
Income before taxes		4,853		4,198		6,708		6,070
Net income	$	2,198	$	2,729	$	4,360	$	4,357
	2003 Quarters							
	(Restated)							
	March 31		June 30		September 30		December 31	
Premiums and other revenue	$	9,060	$	10,985	$	11,571	$	10,829
Net investment income and net realized gains		23,249		26,394		21,457		24,849
		32,309		37,379		33,028		35,678

Policyholder and other expenses		31,414			30,194			36,606		30,377
Income (loss) before taxes		895			7,185			(3,578)		5,301
Net income (loss)	$	583		$	4,669		$	(2,325)	$	3,727

The following is a tabulation of the Company's restated unaudited quarterly results of operations as a result of the restatement described in Note 18 to the Company's financial statements included in Item 8 of this Form 10-K/A (in 000's):

	September 30, 2003	
	As Previously	
	Reported	As Restated
Policyholder and other expenses	$47,012	$36,606
Income (loss) before taxes	$(13,984)	$(3,578)
Net income (loss)	$(9,089)	$(2,325)

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (CONTINUED).

Quarterly Financial Data (Unaudited)(continued)

	December 31, 2003	
	As Previously	
	Reported	As Restated
Policyholder and other expenses	$ 30,082	$ 30,377
Income (loss) before taxes	$ 5,596	$ 5,301
Net income (loss)	$ 3,919	$ 3,727
	March 31, 2004	
	As Previously	
	Reported	**As Restated**
Policyholder and other expenses	$ 33,830	$ 34,370
Income (loss) before taxes	$ 5,393	$ 4,853
Net income (loss)	$ 3,042	$ 2,198
	June 30, 2004	
	As Previously	
	Reported	**As Restated**
Policyholder and other expenses	$ 30,712	$ 30,706
Income (loss) before taxes	$ 4,192	$ 4,198
Net income (loss)	$ 2,725	$ 2,729
	September 30, 2004	
	As Previously	
	Reported	**As Restated**
Policyholder and other expenses	$ 31,069	$ 31,392
Income (loss) before taxes	$ 7,031	$ 6,708
Net income (loss)	$ 4,570	$ 4,360
	December 31, 2004	
	As Previously	
	Reported	**As Restated**
Policyholder and other expenses	$ 33,760	$ 33,442
Income (loss) before taxes	$ 5,752	$ 6,070
Net income (loss)	$ 4,149	$ 4,357

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

No events have occurred which are required to be reported by Item 304 of Regulation S-K.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

In connection with the preparation of this Form 10-K/A, the Company's management carried out a re-evaluation under the supervision and with the participation of the Company's principal executive officer and principal financial officer, as of December 31, 2004, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this re-evaluation, management concluded that the Company's disclosure controls and procedures were not effective because of the error related to deferred policy acquisition costs ("DAC") described below under "Restatement."

Restatement

The restatement of the Company's financial statements for the years ended December 31, 2004 and 2003 follows the identification of certain errors related to DAC and the related amortization of DAC, as described in Note 18 to the Company's financial statements included in Item 8 of this Form 10-K/A. After giving effect to the adjustments described in Note 18, the Company's management believes that the financial statements included in this Form 10-K/A fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented and that this Form 10-K/A does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report.

The DAC error was identified as part of an analytical review during the course of the Company's financial closing process for the quarterly period ended March 31, 2005. The inaccuracy was traced back to the amount of DAC in the Company's financial statements beginning with the quarterly period ended September 30, 2003. During that quarter, the Company converted to a new system that calculated DAC and the related amortization. An error occurred in connection with the summarization of the new system's calculation of DAC for certain policies of KBL, which merged with and into the Company on December 31, 2002. Specifically, a block of policies was incorrectly attributed to Keyport, rather than to KBL. The DAC error was not attributable to any fraud or misconduct by the Company or any of its employees.

Management's Remediation Plan

In response to the matters discussed under "Restatement" above, the Company plans to continue to review and make necessary changes to the overall design of its control environment, including the development of additional policies and procedures to improve the Company's disclosure controls and procedures and internal control over financial reporting. With respect to the DAC error, the Company plans to implement specific measures requiring all similar system conversions to include specific review and testing of data and reports by specific legal entities (i.e., KBL, Keyport) and to require documentation evidencing proof of such review and testing in order to provide reasonable assurance that similar errors will not occur in the future. Management believes that the DAC error was the result of a material weakness in the Company's internal control over financial reporting and has discussed the matter with the Audit Committee of the Company's Board of Directors and the Company's independent registered public accounting firm.

Item 9A. CONTROLS AND PROCEDURES (continued)

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The discussion under "Management's Remediation Plan" above describes planned changes to the Company's internal control over financial reporting subsequent to December 31, 2004 that have or will materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Omitted pursuant to Instruction I(2)(c) to Form 10-K.

Item 11. EXECUTIVE COMPENSATION.

Omitted pursuant to Instruction I(2)(c) to Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Omitted pursuant to Instruction I(2)(c) to Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Omitted pursuant to Instruction I(2)(c) to Form 10-K.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

For the fiscal years ended December 31, the fees billed to the Company by its external auditors, Deloitte & Touche LLP, for professional services were as follows (in 000's):

Nature of Services	2004	2003
Audit Fees	$ 508	$ 348
Audit Related Fees	10	-
Tax Fees	-	-
All Other Fees	-	-
Total	$ 518	$ 348

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES (continued)

Audit Fees

Audit Fees are for professional services rendered by the external auditors for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-Q's, as well as for services normally provided in connection with statutory and regulatory filings for the last two fiscal years.

Audit-Related Fees

Audit-Related Fees are for assurance and related services that are reasonably related to the performance of the audit or review of the Company's annual financial statements and are not reported under the Audit Fees category above. These services consisted of primarily agreed-upon procedure engagements.

Tax Fees

There were no tax fees billed for tax compliance, tax advice or tax planning in each of the last two fiscal years.

All Other Fees

There were no other fees billed in each of the last two fiscal years for products and services provided by the auditors, other than the Audit Fees and Audit-Related Fees described above.

Audit Committee Approval

The Company adopted SLF's "Policy Restricting the Use of the Company's External Auditors" (the "Policy") requiring Audit Committee pre-approval of services provided by the Company's external auditors, a copy of which is set out below. All professional services rendered by the external auditors to the Company have been approved by the Company's Audit Committee in accordance with the Policy since November 2002. None of the services described in the table above were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of SEC Rule 2-01 of Regulation S-X.

The Company no longer has any engagements with its external auditors for services identified in paragraph 3 of the Policy set out below.

Policy Restricting the Use of the Company's External Auditors*

1. This policy governs all proposals by the Company or any of its subsidiaries to engage, as a service provider, the external auditor or any of its affiliates, related businesses or associated persons as defined in the Sarbanes-Oxley Act of 2002 ("S-O Act") (collectively referred to as the "External Auditor").

2. The External Auditor will normally be engaged to provide audit and audit-related services, including advisory services related to the External Auditor's audit and audit-related work such as advice pertaining to internal audit, tax, actuarial valuation, risk management, and regulatory and compliance matters, subject to the prohibitions contained in the S-O Act and in any other applicable laws, regulations or rules. The S-O Act prohibitions are set out in Appendix 1.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES (continued)

3. Any engagement of the External Auditor for services that would be legally prohibited by the S-O Act and that was in place at the date this policy was initially established may continue in place until such prohibition becomes operative or it is otherwise prohibited by applicable law, regulation or rule. The Controller will maintain a list of such engagements. The Company will not enter into any other such engagements prior to the S-O Act prohibitions becoming operative.

4. Each engagement of the External Auditor to provide services will require the approval in advance of the Audit Committee of Sun Life Financial Services of Canada Inc. and the audit committee of any affected subsidiary that is itself directly subject to the S-O Act. The Audit Committee may establish procedures regarding the approval process, which will be co-coordinated by the SLF Controller.

5. The Company and its subsidiaries will not employ or appoint as chief executive officer, chief financial officer, controller, chief accounting officer, appointed actuary, or equivalent position within the Company or subsidiary any person who was employed by the External Auditor and who provided any services to the Company or any subsidiary at any time during the previous two years.

6. The Controller is responsible for the application and interpretation of this policy, and should be consulted in any case where there is uncertainty regarding whether a proposed service is, or is not, an audit or audit-related service. The Controller will revise Appendix 1 as required, from time to time, to reflect changes in applicable laws, regulations or rules.

7. This policy, as amended and restated, is effective from October 30, 2002.

* In this policy, the term "Company" refers to Sun Life Financial Inc., formerly known as Sun Life Financial Services of Canada Inc.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES (continued)

Appendix 1

<u>Sarbanes-Oxley Act of 2002 - Prohibition on services</u>

The External Auditor will be prohibited from providing the following services after the applicable

provisions of the S-O Act become operative:

a) bookkeeping or other services related to the accounting records or financial statements;

b) financial information systems design and implementation;

c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

d) actuarial services;

e) internal audit outsourcing services;

f) management functions or human resources;

g) broker or dealer, investment adviser, or investment banking services;

h) legal services and expert services unrelated to the audit; and

i) any other service that the Public Company Accounting Oversight Board, to be established under the S-O

Act, determines to be impermissible.

Part IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial statements (set forth in Item 8):

-Statements of Operations for each of the three years ended December 31, 2004 (restated), December 31, 2003 (restated) and December 31, 2002.

-Balance Sheets at December 31, 2004 (restated) and December 31, 2003 (restated).

-Statements of Comprehensive Income for each of the three years ended December 31, 2004 (restated), December 31, 2003 (restated) and December 31, 2002.

-Statements of Stockholder's Equity for each of the three years ended December 31, 2004 (restated), December 31, 2003 (restated) and December 31, 2002.

-Statements of Cash Flow for each of the three years ended December 31, 2004 (restated), December 31, 2003 (restated) and December 31, 2002.

-Notes to Financial Statements, Years Ended December 31, 2004 (restated), 2003 (restated) and 2002.

-Report of Independent Registered Public Accounting Firm.

-Supplementary financial information.

(a)(2) Financial statement schedules (set forth below):

-Schedule I-Summary of Investments, Other than Investments in Affiliates.

-Schedule III-Supplementary Insurance Information (restated).

-Schedule IV-Summary of Reinsurance.

Financial statement schedules not included in this Form 10-K/A have been omitted because the required information either is not applicable or is presented in the financial statements or notes thereto.

Schedule I

Summary of Investments, Other than Investments in Affiliates

December 31, 2004 (in 000's)

Type of Investment	Cost	Value	Balance Sheet Amount
Bonds:			
Non-Corporate Securities:			
Asset backed and mortgage backed securities	$ 279,949	$ 281,892	$ 281,892
Foreign government & agency securities	6,682	7,290	7,290
U.S. treasury & agency securities	74,747	74,890	74,890
Total Non-Corporate Securities	361,378	364,072	364,072
Corporate Securities:			
Basic industry	12,369	13,071	13,071
Capital goods	93,749	96,197	96,197
Communications	165,978	169,680	169,680
Consumer cyclical	192,745	197,082	197,082
Consumer noncyclical	50,500	52,697	52,697
Energy	63,571	66,845	66,845
Finance	557,305	564,953	564,953
Technology	12,393	12,748	12,748
Transportation	61,654	61,805	61,805
Utilities	187,949	194,799	194,799
Industrial other	51,173	52,070	52,070
Total Corporate Securities	1,449,386	1,481,947	1,481,947
Total bonds	1,810,764	1,846,019	1,846,019
Mortgage loans	136,561	142,819	136,561
Policy loans	153	153	153
Total investments	$ 1,947,478	$ 1,988,991	$ 1,982,733

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

Schedule III

Supplementary Insurance Information

(in 000's)

Segment	Deferred Acquisition Costs (3)	Future Policy Benefits, Claims, Deposit Funds and Policy Liabilities	Other Policy Claims and Benefits Payable(1)
Wealth Management			
2004	$ 66,690	$ 1,785,667	$ -
2003	59,607	1,732,433	-
Group Protection			
2004	$ -	$ 35,774	$ 4,633
2003	-	34,151	4,124
Individual Protection			
2004	$ -	$ 2,653	$ -
2003	-	1,622	-
Corporate			
2004	$ -	$ -	$ -
2003	-	-	-

Segment	Net Investment Income (2)	Benefits, Claims, Losses And Settlement Expenses	Amortization of Deferred Acquisition Costs (3)	Other Operating Expenses
Wealth Management				
2004	$ 91,765	$ 82,393	$ 5,763	$ 8,817
2003	80,678	86,575	7,390	8,362
2002	73,083	68,534	8,157	12,403
Group Protection				
2004	$ 1,794	$ 21,955	$ -	$ 9,650
2003	1,669	17,813	-	7,900
2002	1,986	10,382	-	5,247
Individual Protection				
2004	$ 21	$ 494	$ -	$ 893
2003	14	695	-	17
2002	35	342	-	8
Corporate				
2004	$ 290	$ -	$ -	$ (54)
2003	2,941	-	-	(161)
2002	(257)	-	-	(679)

(1) Other claims and benefits are included in Future Policy Benefits, Losses, Claims and Loss Expenses.

(2) Net investment income is allocated based on segmented assets by line of business.

(3) The 2004 and 2003 amounts have been restated as discussed in Note 18.

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

(A Wholly-Owned Subsidiary of Sun Life Assurance Company of Canada (U.S.))

Schedule IV

Summary of Reinsurance

(in 000's)

	Gross Amount	Ceded to Other Companies	Net Amount
2004			
Life Insurance in Force	$ 7,431,216	$ 6,900	$ 7,424,316
Premiums			
Life Insurance	21,327	47	21,280
Accident and Health	15,924	2,198	13,726
Total Premiums	37,251	2,245	35,006
2003			
Life Insurance in Force	$ 7,031,513	$ 1,408,996	$ 5,622,517
Premiums			
Life Insurance	20,336	3,468	16,868
Accident and Health	13,082	1,493	11,589
Total Premiums	33,418	4,961	28,457
2002			
Life Insurance in Force	$ 5,305,145	$ 1,063,269	$ 4,241,876
Premiums			
Life Insurance	16,996	4,133	12,863
Accident and Health	8,904	1,482	7,422
Total Premiums	25,900	5,615	20,285

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES (CONTINUED).

(a) (3) Exhibits required by Item 601 of Regulation S-K:

The following Exhibits are incorporated herein by reference unless otherwise indicated:

Exhibit No.	
3.1	Charter of Sun Life Insurance and Annuity Company of New York, as amended through May 10, 2004 (Incorporated herein by reference to Registrant's Form 10-Q, File No. 033-01079, filed on May 14, 2004)
3.2	By-laws of Sun Life Insurance and Annuity Company of New York, as amended April 30, 2004 (Incorporated herein by reference to Registrant's Form 10-Q, File No. 033-01079, filed on May 14, 2004)
4.1	Single Payment Deferred Combination Variable and Fixed Individual Annuity Contract [Regatta NY] (Incorporated by reference to Post-Effective Amendment No. 5 to Registration Statement of Sun Life (N.Y.) Variable Account C on Form N-4, File No. 33-41629, filed on April 28, 1998)
4.2	Flexible Payment Deferred Combination Variable and Fixed Individual Annuity Contract [Regatta Gold NY and Futurity NY] (Incorporated by reference to Post-Effective Amendment No. 2 to Registration Statement of Sun Life (N.Y.) Variable Account C on Form N-4, File No. 333-5037, filed March 29, 2000)
14	Omitted pursuant to Instruction I(2)(c) to Form 10-K
31.1	Certification pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(c) Financial statements required by Regulation S-X which are excluded from the annual report to shareholders by Rule 14a-3(b):

Other than the financial statement schedules set forth in Item 15(a)(2) above, no other financial statement schedules are required to be filed.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant, Sun Life Insurance and Annuity Company of New York, has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sun Life Insurance and Annuity Company of New York
(Registrant)

By:	*/s/ Robert C. Salipante*
	Robert C. Salipante
	President
Date:	May 2, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Robert C. Salipante	President and Director	May 2, 2005
Robert C. Salipante	(Principal Executive Officer)	
/s/ Gary Corsi	Vice President and Chief Financial Officer and Director	May 2, 2005
Gary Corsi	(Principal Financial Officer and Principal Accounting Officer)	
/s/ Scott M. Davis	Director	May 2, 2005
Scott M. Davis		
/s/ Thomas A. Bogart	Director	May 2, 2005
Thomas A. Bogart		
/s/ Paul W. Derksen	Director	May 2, 2005
Paul W. Derksen		
/s/ Leila Heckman	Director	May 2, 2005
Leila Heckman		
/s/ Donald B. Henderson, Jr.	Director	May 2, 2005
Donald B. Henderson, Jr.		
/s/ Mary Fay	Director	May 2, 2005
Mary Fay		
/s/ Peter R. O'Flinn	Director	May 2, 2005
Peter R. O'Flinn		
/s/ C. James Prieur	Director	May 2, 2005
C. James Prieur		

/s/ Barbara Z. Shattuck	Director	May 2, 2005
Barbara Z. Shattuck		
/s/ David K. Stevenson	Director	May 2, 2005
David K. Stevenson		
/s/ Donald A. Stewart	Director	May 2, 2005
Donald A. Stewart		

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

The registrant is a wholly owned subsidiary of Sun Life Assurance Company of Canada (U.S.) and does not send annual reports or proxy material to its security holders.

Exhibit 31.1

CERTIFICATION

I, Robert C. Salipante, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Sun Life Insurance and Annuity Company of New York;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted pursuant to SEC Release No. 33-8238];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

/s/ Robert C. Salipante

Robert C. Salipante

President

Exhibit 31.2

CERTIFICATION

I, Gary Corsi, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Sun Life Insurance and Annuity Company of New York;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted pursuant to SEC Release No. 33-8238];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

/s/ Gary Corsi

Gary Corsi

Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert C. Salipante, Principal Executive Officer of Sun Life Insurance and Annuity Company of New York (the "Company"), hereby certify, to the best of my knowledge, that the Amendment No. 1 to Annual Report on Form 10-K/A of the Company for the fiscal year ended December 31, 2004, filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert C. Salipante

Robert C. Salipante

President

May 2, 2005

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 ("Section 906"), and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent that this certification is expressly incorporated by reference into any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary Corsi, Principal Financial Officer of Sun Life Insurance and Annuity Company of New York (the "Company"), hereby certify, to the best of my knowledge, that the Amendment No. 1 to Annual Report on Form 10-K/A of the Company for the fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary Corsi

Gary Corsi

Vice President and Chief Financial Officer

May 2, 2005

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 ("Section 906"), and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent that this certification is expressly incorporated by reference into any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.