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FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

SUN LIFE OF CANADA U S VARIABLE ACCOUNT I

CIK: **1074760** | IRS No.: **042461439** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-100831** | Film No.: **05788122**

Business Address
C/O SUN LIFE ASSURANCE
CO OF CANADA U S
SUN LIFE EXECUTIVE PARK
WELLESLEY HILLS MA 02481
7814461182

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CIK: **1074760** | IRS No.: **042461439** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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As Filed with the Securities and Exchange Commission on April 29, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-6

REGISTRATION UNDER THE SECURITIES ACT OF 1933 ☒ [X]

Pre-Effective Amendment No. ____ ☐ []

Post-Effective Amendment No. __4__ ☐ []

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 ☒ [X]

Amendment No. _24_ ☒ [X]

Sun Life of Canada (U.S.) Variable Account I

Registrant

Sun Life Assurance Company of Canada (U.S.)

Depositor

One Sun Life Executive Park

Wellesley Hills, Massachusetts 02481

Depositor's Address

1-800-700-6554

Depositor's Telephone Number

Edward M. Shea

Assistant Vice President and Senior Counsel

Sun Life Assurance Company of Canada (U.S.)

One Sun Life Executive Park

Wellesley Hills, Massachusetts 02481

Name and Address of Agent For Service

It is proposed that this filing will become effective (check appropriate box)

☐ [] immediately upon filing pursuant to paragraph (b) of Rule 485.

☒ [X] on May 2, 2005 pursuant to paragraph (b) of Rule 485.

[] 60 days after filing pursuant to paragraph (a)(1) of Rule 485.

[] on May 1, 2005 pursuant to paragraph (a)(1) of Rule 485.

[] This post-effective amendment designates a new effective date for a previously filed post-effective amendment.<R>

PART A

Sun Life Assurance Company of Canada (U.S.)

One Sun Life Executive Park

Wellesley Hills, Massachusetts 02481

(800) 700-6554

SUN LIFE LOGO

Futurity Protector II Variable Universal Life Insurance

Sun Life of Canada (U.S.) Variable Account I

A Flexible Premium Combination Fixed and Variable Universal Life Insurance Policy

<R>This prospectus describes a combination fixed and variable universal life insurance policy (the "Policy") issued by Sun Life Assurance Company of Canada (U.S.) ("we", "us" or "Company"), a member of the Sun Life Financial group of companies, through Sun Life of Canada (U.S.) Variable Account I, one of our separate accounts. The Policy is being offered, depending on the circumstances, as either an individual policy or as a certificate under a group policy. The substantive terms of a certificate under a group policy will be identical to those of an individual policy. In this prospectus, unless stated otherwise, the term "Policy" will include individual policies, group policies and certificates issued under group policies. The Policy allows "you," the policyowner, within certain limits, to:<R>

- choose the type and amount of insurance coverage you need and increase or decrease that coverage as your insurance needs change;
- choose the amount and timing of premium payments;
- allocate net premium payments among the available Investment Options and transfer Account Value among available Investment Options as your investment objectives change; and
- access the Policy's Account Value through loans, partial withdrawals or total surrenders.
-

This prospectus contains important information you should understand before purchasing a Policy. We use certain special terms which are defined in Appendix A. You should read this prospectus carefully and keep it for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved these securities or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Prospectus

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This prospectus does not constitute an offering in any jurisdiction where the offering would not be lawful. You should rely only on the information contained in this prospectus or in the prospectus or statement of additional information of the Funds. We have not authorized anyone to provide you with information that is different.

Risk/Benefit Summary of Policy

Right of Return Period

You may return the Policy and receive a refund within 10 days from the date of receipt of the Policy. A longer period may apply in some states.

<R>Premium Payments

Generally, you must make a minimum Initial Premium payment equal to two Minimum Monthly Premiums. The minimum Initial Premium is shown in the illustration for the Policy and is shown in the Policy.

You choose the amount and timing of subsequent premium payments, within certain limits.

You may allocate your net premium payments among the Policy's available Investment Options.<R>

Account Value

Account Value

is the sum of the amounts in each Sub-Account and the Fixed Account Option with respect to the Policy.

The Policy's *Account Value* will reflect-

- the premiums you pay;
- the investment performance of the Sub-Accounts you select, and/or the interest credited to the Fixed Account Option;
- any loans or partial withdrawals;
- the charges we deduct under the Policy.

Accessing the Policy's Account Value

- You may borrow from us using your Account Value as collateral.

- You may surrender the Policy for its *Cash Surrender Value*. *Cash Surrender Value* is Account Value minus any surrender charges and the amount of any Policy Debt. The *surrender charge period* ends 12 years after you purchase the Policy or increase the Specified Face Amount of the Policy.

- You may make a partial withdrawal of some of the Policy's Cash Surrender Value after the Policy has been in force for one year. A partial withdrawal will cause a decrease in the Specified Face Amount of the Policy if your death benefit option is the Specified Face Amount. Reducing the Cash Surrender Value with a partial withdrawal may increase the risk of Policy lapse.

Death Benefit

If the Policy is in force at the time we receive due proof of the Insured's death, we will pay the beneficiary an amount based on the death benefit option in effect, plus any supplemental benefits added to the Policy, less Policy Debt and any overdue monthly deductions.

Specified Face Amount

is the minimum amount of life insurance in the Policy.

-You have a choice of two death benefit options-

-the *Specified Face Amount*; or

-the sum of the Specified Face Amount and the Account Value of the Policy.

-For each option, the death benefit may be greater if necessary to satisfy federal tax laws.

-After the first Policy Year, you may

-change your death benefit option; or

-increase the Specified Face Amount

- After the fourth Policy Year, you may decrease the Specified Face Amount to a level not less than the minimum specified in the Policy.

The Variable Account

- _ We have established a variable separate account to fund the variable benefits under the Policy.
- _ The assets of the variable separate account are free from our general creditor's claims.
- _ The variable separate account is divided into Sub-Accounts.
- _ Each Sub-Account invests exclusively in shares of a corresponding mutual fund.
- _ When you choose Sub-Accounts in the variable separate account, your benefits will fluctuate based on certain economic conditions. These conditions include, but are not limited to
 - inflationary forces,
 - changes in rates of return available from different types of investments,
 - changes in employment rates and
 - the presence of international conflict.
- _ With such Sub-Accounts, you assume all investment risk.
- _ A comprehensive discussion of the risks of such Sub-Accounts may be found in the underlying Fund's prospectus.
- _ It is unsuitable to purchase a life insurance policy as a short-term savings vehicle because investment risk is best borne over a number of years. Surrender charges may also be imposed if surrender occurs in the early Policy Years.

Investment Options

- _ You may allocate your net premium payments among the Sub-Accounts and the Fixed Account Option.
- _ You may transfer amounts from one Sub-Account to another or to the Fixed Account Option, subject to any limits that we or the Funds may impose. We will notify you in writing of any such limitations.
- _ You may transfer amounts from the Fixed Account Option, subject to our transfer rules in effect at time of transfer.

What If Charges and Deductions Exceed Cash Surrender Value?

- Unless the No-Lapse Guarantee applies, the Policy will terminate if the Cash Surrender Value at the beginning of any Policy Month is less than the charges and deductions then due.
- We will send you notice and allow you a 61 day Grace Period.
- If, within the Grace Period, you do not make a premium payment sufficient to cover all charges and deductions due, the Policy will terminate at the end of the Grace Period.
- If the Policy terminates, all coverage ceases and no benefits are payable.

No-Lapse Guarantee

The Policy will not terminate during the No-Lapse Guarantee Period if the premiums paid less partial withdrawals less Policy Debt exceed the sum of Minimum Monthly Premiums from the Policy Date to the Valuation Date. The No-Lapse Guarantee Period is based on the Insured's age. It may vary in length by state but may not exceed 20 years.

Reinstatement

If the Policy terminates due to insufficient value, we will reinstate it within three years at your request, subject to certain conditions.

Federal Tax Considerations

Purchase of, and transactions under, the Policy may have tax consequences that you should consider. You may wish to consult a qualified tax professional prior to purchase regarding tax treatment of death benefits, loans and surrenders.

Supplemental Benefits

-You may supplement the Policy with the following riders where available-

- accelerated benefits
- accidental death benefit
- waiver of monthly deductions
- payment of stipulated amount
- supplemental insurance

-We will deduct the cost, if any, of the rider(s) from the Policy's Account Value on a monthly basis.

The following tables describe the fees and expenses that you will pay when buying, owning and surrendering the Policy. The first table describes the fees and expenses that you will pay at the time that you buy the Policy, surrender the Policy or transfer amounts between Investment Options.

TRANSACTION FEES			
Charge	When Charge is Deducted	Amount Deducted	
Expense Charge Applied to Premium	Upon premium receipt	Guaranteed:	7.25%
		Current:	5.25%
Surrender Charge ¹ Minimum and Maximum Charge	Upon policy surrender before the thirteenth Policy Year and upon surrender of a Policy increase before	(Per \$1000 of Specified Face Amount)	

		\$0.47/\$40.00 ²	
Representative Owner Charge ³ <i>(For a male, non-tobacco, issue age 45, policy year 1.)</i>	twelve years have elapsed from the increase effective date	\$11.00	
Transfer Fee	Upon transfers in excess of 12 in a Policy Year	Guaranteed:	\$15.00
		Current:	\$0.00

The next table describes the fees and expenses that you will pay periodically during the time you own the Policy, not including Fund fees and expenses.

PERIODIC CHARGES OTHER THAN FUND OPERATING EXPENSES			
Charge	When Charge is Deducted	Amount Deducted	
Cost of Insurance ⁴	At the beginning of a Policy Month	<i>(Per \$1000 of Policy Net Amount at Risk)</i>	
Minimum and Maximum Charge		Guaranteed:	\$1.01/\$1000.00 ⁶
		Current:	\$0.42/\$308.73 ⁵
Representative Owner Charge ⁷ <i>(For the guaranteed charge, the Representative Owner is a male, non-tobacco, current age 45. For the current charge, the Representative Owner is male, preferred, non-tobacco, issue age 45, policy year 1.)</i>		Guaranteed:	\$3.32
		Current:	\$1.45
Mortality and Expense Risk Charge ⁸	At the beginning of a Policy Month	<i>(On the assets allocated to the Sub-Accounts)</i>	
		Policy Years 1-10:	0.60%
		Policy Years 11+:	0.10%

Monthly Expense Charge ⁹ Minimum and Maximum Charge	At the beginning of a Policy Month	\$96.00 per year in all years plus \$0.12/\$6.24 per \$1000 of Specified Face Amount for the first 10 Policy Years following Policy Issuance and for the first 10 Policy Years following the increase in the Specified Face Amount ¹⁰	
Representative Owner Charge ¹¹ (For a male, non-tobacco, issue age 45.)		\$96.00 per year in all years plus \$0.96 per \$1000 of Specified Face Amount for the first 10 Policy Years following Policy Issuance and for the first 10 Policy Years following the increase in the Specified Face Amount	
Loan Interest	At the end of each Policy Year	Policy Years 1-15: Policy Years 16+:	4.0% 3.5%

The next table describes the charges you will pay periodically during the time you own any riders attached to the Policy.

OPTIONAL CHARGES			
Charge	When Charge is Deducted	Amount Deducted	
Accidental Death Benefit Rider Minimum and Maximum Charge	At the beginning of a Policy Month	(Per \$1000 of Accidental Death Benefit)	
		\$0.72/\$1.56 ¹²	
Representative Owner Charge (For issue age 45.)		\$0.72 ¹³	
Waiver of Monthly Deductions Rider Minimum and Maximum Charge	At the beginning of a Policy Month	(Per \$1000 of Policy Net Amount at Risk)	
		\$0.14/\$2.22 ¹⁴	
Representative Owner Charge ¹⁵ (For issue age 45.)		\$0.84	

Payment of Stipulated Amount Rider Minimum and Maximum Charge	At the beginning of a Policy Month	(Per \$100 of Stipulated Amount 16)	
		\$1.66/\$9.50 ¹⁷	
Representative Owner Charge ¹⁸ (For a male, issue age 45, benefit payable to age 70.)		\$5.51	
Supplemental Insurance Rider ¹⁹ (This charge is in addition to the Policy Cost of Insurance Charge.) Minimum and Maximum Charge		(Per \$1000 of Rider Net Amount at Risk)	
		Guaranteed:	\$1.01/\$1000.00 ²¹
		Current:	\$0.42/\$314.61 ²⁰
Representative Owner Charge ²² (For the guaranteed charge, the Representative Owner is male, non-tobacco, current age 45. For the current charge, the Representative Owner is a male, preferred, non-tobacco, issue age 45, policy year 1.)	At the beginning of a Policy Month	Guaranteed:	\$3.32
		Current:	\$0.83

The next item shows the minimum and maximum total operating expenses charged by the Funds that you may pay periodically during the time that you own the Policy. More detail concerning each Fund's fees and expenses is contained in the prospectus for each Fund.

<R>

TOTAL ANNUAL FUND OPERATING EXPENSES	Minimum	Maximum
Total Annual Fund Expenses (expenses that are deducted from Fund assets, including management fees, distribution and/or service (12b-1) fees, and other expenses)	0.20%	3.42%

<R>

1
The surrender charge varies based on the Specified Face Amount, the length of time the Policy has been in force, the Insured's age, sex and rating class. The surrender charge shown may not be representative of the charge that you will pay. You may obtain more information about the particular surrender charge that would apply to you from your sales representative.

2

The first number is the minimum surrender charge possible under the Policy. The \$0.47 represents the charge for an Insured female, non-tobacco, issue age 20, policy year 12. The second number is the maximum surrender charge possible under the Policy. The \$40.00 represents the charge for an Insured male, tobacco, issue age 85, policy year 1.

3

A Representative Owner is a male, non-tobacco, issue age 45, policy year 1. It is assumed the Owner and the Insured are the same person.

4

The current cost of insurance charges vary based on the length of time the Policy has been in force and the Insured's issue age, sex and rating class. The guaranteed cost of insurance charges vary based on the Insured's attained age, sex and rating class. The cost of insurance charge shown may not be representative of the charge that you will pay. You may obtain more information about the particular cost of insurance charge that would apply to you from your sales representative.

5The first number is the current annual minimum cost of insurance charge possible under the Policy. The \$0.42 represents the charge for an Insured female, preferred, non-tobacco, issue age 20, policy year 20. The second number is the current annual maximum cost of insurance charge possible under the Policy. The \$308.73 represents the charge for an Insured male, standard, tobacco, issue age 84, policy year 16.

6

The first number is the guaranteed annual minimum cost of insurance charge possible under the Policy. The \$1.01 represents the charge for an Insured female, non-tobacco, issue age 20. The second number is the guaranteed annual maximum cost of insurance charge possible under the Policy. The \$1000.00 represents the charge for an Insured male, tobacco, current age 99.

7

For the current annual cost of insurance charge calculation, a Representative Owner is a male, preferred, non-tobacco, issue age 45, policy year 1. For the guaranteed annual cost of insurance charge calculation, a Representative Owner is a male, non-tobacco, current age 45. It is assumed the Owner and the Insured are the same person.

8

The annual rate is shown in the table. The monthly percentage for policy years 1-10 is 0.05%. The monthly percentage for policy years 11+ is 0.0083%.

9

The monthly expense charge based on the Specified Face Amount varies based on individual characteristics, specifically the Insured's age, sex and rating class. The monthly expense charge

shown may not be representative of the charge that you will pay. You may obtain more information about the particular monthly expense charge that would apply to you from your sales representative.

10

The first number is the minimum monthly expense charge per \$1000 of Specified Face Amount possible under the Policy. The \$0.12 represents the annual charge for an Insured female, non-tobacco, issue age 20. The second number is the maximum monthly expense charge per \$1000 of Specified Face Amount possible under the Policy. The \$6.24 represents the annual charge for an Insured male, tobacco, issue age 85.

11

A Representative Owner is a male, non-tobacco, issue age 45. It is assumed the Owner and the Insured are the same person.

12

The first number is the minimum annual charge for the rider. The \$0.72 represents the charge for an Insured, issue age 20. The second number is the maximum annual charge for the rider. The \$1.56 represents the charge for an Insured, issue age 65. Charges vary by issue age only. The charge shown may not be representative of the charge that you will pay. You may obtain more information about the particular charge that would apply to you from your sales representative.

13

A Representative Owner is issue age 45. It is assumed the Owner and the Insured are the same person.

14

The first number is the minimum annual charge for the rider. The \$0.14 represents the charge for an Insured, issue age 20. The second number is the maximum annual charge for the rider. The \$2.22 represents the charge for an Insured, issue age 55. Charges vary by issue age only. The charge shown may not be representative of the charge that you will pay. You may obtain more information about the particular charge that would apply to you from your sales representative.

15

A Representative Owner is issue age 45. It is assumed the Owner and the Insured are the same person.

16

To increase the variety of Stipulated Amounts electable, the charge imposed is per \$100 of Stipulated Amount.

17

The first number is the minimum annual charge for the rider. The \$1.66 represents the charge for an Insured male, issue age 20, benefit payable to age 65. The second number is the maximum annual charge for the rider. The \$9.50 represents the charge for an Insured male, issue age 55, benefit payable to age 70. Charges vary based on individual characteristics, specifically the Insured's age, sex and duration of payment option. The charge shown may not be representative of the charge that

you will pay. You may obtain more information about the particular charge that would apply to you from your sales representative.

18

A Representative Owner is an Insured male, issue age 45, benefit payable to age 70. It is assumed the Owner and the Insured are the same person.

19

The current rider charges vary based on the length of time the rider has been in force and the Insured's sex, issue age and rating class. The guaranteed rider charges are based on the Insured's sex, attained age and rating class. The charge shown may not be representative of the charge that you will pay. You may obtain more information about the particular charge that would apply to you from your sales representative.

20

The first number is the current annual minimum charge for the rider. The \$0.42 represents the charge for an Insured female, preferred, non-tobacco, issue age 20, policy year 20. The second number is the current annual maximum charge for the rider. The \$314.61 represents the charge for an Insured male, standard, tobacco, issue age 84, policy year 16.

21

The first number is the guaranteed annual minimum charge for the rider. The \$1.01 represents the charge for an Insured female, non-tobacco, current age 20. The second number is the guaranteed annual maximum charge for the rider. The \$1000.00 represents the charge for an Insured, male, tobacco, current age 99.

22

For the current annual charge calculation, a Representative Owner is a male, preferred, non-tobacco, issue age 45, policy year 1. For the guaranteed annual charge calculation, a Representative Owner is a male, non-tobacco, current age 45. It is assumed the Owner and the Insured are the same person.

Sun Life Assurance Company of Canada (U.S.)

<R>We are a stock life insurance company incorporated under the laws of Delaware on January 12, 1970. We do business in 49 states, the District of Columbia and the Virgin Islands. We have an insurance company subsidiary that does business in New York. Our executive office mailing address is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. We are ultimately controlled by Sun Life Financial Inc. ("Sun Life Financial"). Sun Life Financial, a corporation organized in Canada, is a reporting company under the Securities Exchange Act of 1934 with common shares listed on the Toronto, New York and Philippine stock exchanges.<R>

The Variable Account

<R>We established Sun Life of Canada (U.S.) Variable Account I in accordance with Delaware law on December 1, 1998. The Variable Account may also be used to fund benefits payable under other life insurance policies issued by us. We are obligated to pay all benefits payable under the Policy.<R>

We own the assets of the Variable Account. The income, gains or losses, realized or unrealized, from assets allocated to the Variable Account are credited to or charged against the Variable Account without regard to our other income, gains or losses.

We will at all times maintain assets in the Variable Account with a total market value at least equal to the reserves and other liabilities relating to the variable benefits under all policies participating in the Variable Account. The assets of the Variable Account are insulated from our general liabilities and may not be charged with our liabilities from our other business. Our obligations under those policies are, however, our general corporate obligations.

The Variable Account is registered with the Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940 ("1940 Act") as a unit investment trust. Registration under the 1940 Act does not involve any supervision by the SEC of the management or investment practices or policies of the Variable Account.

The Variable Account is divided into Sub-Accounts. Each Sub-Account invests exclusively in shares of a corresponding investment portfolio of a registered investment company (commonly known as a mutual fund). We may in the future add new or delete existing Sub-Accounts. The income, gains or losses, realized or unrealized, from assets allocated to each Sub-Account are credited to or charged against that Sub-Account without regard to the other income, gains or losses of the other Sub-Accounts. All amounts allocated to a Sub-Account will be used to purchase shares of the corresponding mutual fund. The Sub-Accounts will at all times be fully invested in mutual fund shares. The Variable Account may contain certain sub-accounts which are not available under the Policy.

The Funds

The Policy offers a number of Fund options, which are briefly discussed below. Each Fund is a mutual fund registered under the Investment Company Act of 1940, or a separate series of shares of such a mutual fund. More comprehensive information, including a discussion of potential risks, is found in the current prospectuses for the Funds (the "Fund Prospectuses"). The Fund Prospectuses should be read in connection with this prospectus. A copy of each Fund Prospectus may be obtained without charge by calling (800) 700-6554, or writing to Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481.

<R>The Funds currently available are:

AIM Variable Insurance Funds

(advised by A I M Advisors, Inc.)

AIM V.I. Capital Appreciation Fund

(Series I Shares) seeks growth of capital by investing principally in common stocks of companies which the Fund's portfolio managers believe are likely to benefit from new or innovative products, services or processes, as well as those that have experienced above-average, long-term growth in earnings and have excellent prospects for future growth.

AIM V.I. Dynamics Fund*

(Series I Shares) seeks long-term capital growth by investing at least 65% of its net assets in common stocks of mid-sized companies.

AIM V.I. Growth Fund*

(Series I Shares) seeks growth of capital by investing in seasoned and better-capitalized companies considered to have strong earnings momentum.

AIM V.I. Core Equity Fund*

(Series I Shares) seeks growth of capital by investing, normally, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities, including convertible securities, of established companies that have long-term, above-average growth in earnings.

AIM V.I. International Growth Fund

(Series I Shares) seeks to provide long-term growth of capital by investing in a diversified portfolio of international equity securities whose issuers are considered to have strong earnings momentum.

AIM V.I. Premier Equity Fund*

(Series I Shares) seeks long-term growth of capital with a secondary objective of income, by investing, normally, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities, including convertible securities.

AIM V.I. Small Company Growth Fund*

(Series I Shares) seeks long-term capital growth by normally investing at least 80% of its net assets in small-capitalization companies.

The Alger American Fund

(advised by Fred Alger Management, Inc.)

Alger American MidCap Growth Portfolio

(Class O) seeks long-term capital appreciation by investing primarily in equity securities, such as common or preferred stock, which are listed on U.S. exchanges or in the over-the-counter market. The portfolio focuses on mid-sized companies with promising growth potential. Under normal circumstances, the portfolio invests primarily in the equity securities of companies having a market capitalization within the range of companies in the Russell Midcap Index or the S&P MidCap 400 Index.

AllianceBernstein Variable Products Series Fund, Inc.

(advised by Alliance Capital Management L.P.)

AllianceBernstein VP Growth and Income Portfolio

(Class B) seeks reasonable current income and reasonable opportunity for appreciation through investments primarily in dividend-paying common stocks of good quality companies.

AllianceBernstein VP Global Technology Portfolio*

(Class B) (formerly *AllianceBernstein VP Technology Portfolio*) seeks growth of capital. Current income is incidental to the Portfolio's objective.

Delaware Variable Insurance Products Trust

(advised by Delaware Management Company)

Delaware VIP Growth Opportunities Series

(Standard Class) seeks long-term capital appreciation by investing primarily in securities of medium-sized companies that have established themselves within the industry but still have growth potential.

Dreyfus Investment Portfolios

(advised by the Dreyfus Corporation)

Dreyfus MidCap Stock Portfolio

(Initial Shares) seeks investment results that are greater than the total return performance of publicly traded common stocks of medium-size domestic companies in the aggregate, as represented by the S&P MidCap 400^(R) Index.

Fidelity Variable Insurance Products Funds

(advised by Fidelity Management & Research Company. Fidelity, Fidelity Investments and Contrafund are registered trademarks of FMR Corp.)

Fidelity VIP Contrafund^(R) Portfolio

(Service Class) seeks long-term capital appreciation by normally investing primarily in common stocks of companies whose value it believes is not fully recognized by the public.

Fidelity VIP Growth Portfolio

(Service Class) seeks to achieve capital appreciation by investing primarily in stocks of companies it believes to have above-average growth potential.

Fidelity VIP Index 500 Portfolio

(Service Class) seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the S&P 500.

Fidelity VIP Money Market Portfolio

(Service Class) seeks as high a level of current income as is consistent with preservation of capital and liquidity.

Fidelity VIP Overseas Portfolio

(Service Class) seeks long-term growth of capital by investing at least 80% of the fund's assets primarily in non-U.S. securities. The fund is normally invested primarily in common stocks.

Goldman Sachs Variable Insurance Trust

(advised by Goldman Sachs Asset Management, L.P.).

Goldman Sachs VIT CORESM U.S. Equity Fund

seeks long-term growth of capital and dividend income by investing in a broadly diversified portfolio of large cap and blue chip equity securities representing all major sectors of the U.S. economy.

Goldman Sachs VIT Mid Cap Value Fund

seeks long-term capital appreciation. Under normal circumstances, the Fund invests at least 80% of its net assets plus any borrowings for investment purposes (measured at time of purchase) in a diversified portfolio of equity investments in mid-cap issuers with public stock market capitalizations

within the range of the market capitalization of companies constituting the Russell Midcap Value Index^(R) at the time of investment. If the market capitalization of a company held by the Fund moves outside this range, the Fund may, but is not required to, sell the securities.

Lord Abbett Series Fund, Inc.

(advised by Lord, Abbett & Co. LLC)

Lord Abbett Series Fund - Growth and Income Portfolio

(Class VC) seeks to provide long-term growth of capital and income without excessive fluctuations in market value. To pursue this goal, the Portfolio primarily purchases equity securities of LARGE, SEASONED, U.S. and MULTINATIONAL COMPANIES that it believes are undervalued. Under normal circumstances, the Portfolio will invest at least 80% of its net assets in equity securities of large companies.

Lord Abbett Series Fund - Mid-Cap Value Portfolio

(Class VC) seeks capital appreciation through investments, primarily in equity securities, which are believed to be undervalued in the marketplace. To pursue this goal, the Portfolio normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes in equity securities of mid-sized companies.

MFS/Sun Life Series Trust

(advised by Massachusetts Financial Services Company, a subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is an indirect wholly owned subsidiary of Sun Life Financial, Inc., a diversified financial services organization)

MFS/Sun Life Capital Appreciation Series*

(Initial Class) seeks to maximize capital appreciation by investing in securities of all types, with major emphasis on common stocks.

MFS/Sun Life Emerging Growth Series*

(Initial Class) seeks long-term growth of capital.

MFS/Sun Life Government Securities Series

(Initial Class) seeks current income and preservation of capital by investing in U.S. Government and U.S. Government-related securities.

MFS/Sun Life High Yield Series

(Initial Class) seeks high current income and capital appreciation by investing primarily in certain low rated or unrated fixed income securities (possibly with equity features) of U.S. and foreign issuers.

MFS/Sun Life Massachusetts Investors Growth Stock Series

(Initial Class) seeks to provide long-term growth of capital and future income rather than current income.

MFS/Sun Life Massachusetts Investors Trust Series

(Initial Class) seeks long-term growth of capital with a secondary objective to seek reasonable current income.

MFS/Sun Life New Discovery Series

(Initial Class) seeks capital appreciation by generally focusing on smaller cap emerging growth companies that are early in their life cycle.

MFS/Sun Life Total Return Series

(Initial Class) mainly seeks to obtain above-average income (compared to a portfolio entirely invested in equity securities) consistent with prudent employment of capital; its secondary objective is to take advantage of opportunities for growth of capital and income since many securities offering a better than average yield may also possess growth potential.

MFS/Sun Life Utilities Series

(Initial Class) seeks capital growth and current income (income above that available from a portfolio invested entirely in equity securities) by investing under normal market conditions, at least 80% of its assets in equity and debt securities of both domestic and foreign companies in the utilities industry.

MFS/Sun Life Value Series

(Initial Class) seeks capital appreciation and reasonable income by investing primarily in income producing equity securities of companies that MFS believes are undervalued in the market relative to their long term potential.

Oppenheimer Variable Account Funds

(advised by OppenheimerFunds, Inc.)

Oppenheimer Capital Appreciation Fund/VA

(Non-Service Shares) seeks capital appreciation by investing in securities of well-known, established companies.

PIMCO Variable Insurance Trust

(advised by Pacific Investment Management Company LLC ("PIMCO"))

PIMCO VIT Emerging Markets Bond Portfolio

(Administrative Class) seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments of issuers that

economically are tied to countries with emerging securities markets. Such securities may be denominated in non-U.S. currencies and the U.S. dollar.

PIMCO VIT High Yield Portfolio

(Administrative Class) seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of high yield securities ("junk bonds") rated below investment grade but rated at least B by Moody's or S&P, or, if unrated, determined by PIMCO to be of comparable quality.

PIMCO VIT Low Duration Portfolio

(Administrative Class) seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 65% of its net assets in a diversified portfolio of Fixed Income Instruments of varying maturities. The average portfolio duration of the Portfolio normally varies within a one to three year time frame based on PIMCO's forecast for interest rates.

PIMCO VIT Real Return Portfolio

(Administrative Class) seeks maximum real return, consistent with preservation of real capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or government-sponsored enterprises and corporations.

PIMCO VIT Total Return Portfolio

(Administrative Class) seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 65% of its assets in a diversified portfolio of Fixed Income Instruments of varying maturities. The average portfolio duration of this Portfolio normally varies within a three to six year time frame based on PIMCO's forecast for interest rates.

Scudder VIT Funds

(advised by Deutsche Asset Management, Inc.)

Scudder VIT EAFE^(R) Equity Index Fund**

(Class B) seeks to replicate, as closely as possible, before expenses, the performance of the Morgan Stanley Capital International (MSCI) EAFE Index (EAFE Index), which emphasizes stocks of companies in major markets in Europe, Australasia and the Far East.

Scudder VIT Small Cap Index Fund

(Class B) seeks to replicate, as closely as possible, before expenses, the performance of the Russell 2000 Small Stock Index (the Russell 2000 Index), which emphasizes stocks of small U.S. companies.

Scudder Variable Series II

(advised by Deutsche Investment Management Americas Inc.)

SVS Dreman Small Cap Value Portfolio

(Class A) seeks long-term capital appreciation by investing at least 80% of net assets, plus the amount of any borrowings for investment purposes, in undervalued common stocks of small U.S. companies, which the portfolio defines as companies that are similar in market value to those in the Russell 2000 Value Index.

Sun Capital Advisers TrustSM

(advised by Sun Capital Advisers, Inc., an affiliate of the Company; Davis Select Advisors serves as investment sub-adviser to SCSM Davis Venture Value Fund; OpCap Advisors LLC serves as investment subadviser to SCSM Value Small Cap Fund; Wellington Management Company, LLP, serves as investment subadviser to SCSM Blue Chip Mid Cap Fund.)

Sun CapitalSM All Cap Fund

(Initial Class) seeks long-term capital growth by investing primarily in equity securities of U.S. companies.

Sun Capital Investment Grade Bond Fund

(R) (Initial Class) seeks high current income consistent with relative stability of principal by investing at least 80% of its net assets in investment grade bonds. The Fund may invest up to 20% of its assets in lower rated or unrated bonds (also known as high yield or junk bonds).

Sun Capital Real Estate Fund

(R) (Initial Class) primarily seeks long-term capital growth and, secondarily, seeks current income and growth of income. The Fund invests at least 80% of its net assets in securities of real estate investment trusts and other real estate companies.

SCSM Davis Venture Value Fund

seeks long-term growth of capital by investing primarily in the common stock of U.S. companies with market capitalizations of at least \$10 billion.

SCSM Value Small Cap Fund

seeks capital appreciation by investing at least 80% of its net assets in a diversified portfolio of equity securities of companies with market capitalizations of under \$2 billion at time of purchase.

SCSM Blue Chip Mid Cap Fund

seeks long-term capital growth by investing, under normal conditions, at least 80% of its net assets in a diversified portfolio of common stocks and other equity securities of U.S. companies with market capitalizations within the collective range of the Russell Midcap or the S & P MidCap 400 Indexes.

Franklin Templeton Variable Insurance Products Trust

(managed by Templeton Investment Counsel, LLC ("TIC"), except for the Templeton Growth Securities Fund, which is managed by Templeton Global Advisors Limited ("TGAL"))

Templeton Foreign Securities Fund

(Class 2) seeks long term capital growth. Under normal market conditions, the Fund will invest primarily in investments of issuers located outside the U.S., including those in emerging markets.

Templeton Growth Securities Fund

(Class 2) seeks long term capital growth. Under normal market conditions, the Fund will invest mainly in the equity securities of companies located anywhere in the world, including those in the U.S. and emerging markets.

T. Rowe Price Equity Series, Inc.

(advised by T. Rowe Price Associates, Inc.)

T. Rowe Price Blue Chip Growth Portfolio

seeks long-term capital growth. Current income is a secondary objective.

Van Kampen Life Investment Trust

(advised by Van Kampen Asset Management)

Van Kampen LIT Growth and Income Portfolio

(Class 1 Shares) seeks long-term growth of capital and income. The Portfolio seeks its objective by investing primarily in income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities.

**On and after August 6, 2004, AIM VI Core Equity Fund, AIM VI Growth Fund, AIM VI Premier Equity Fund, AllianceBernstein VP Global Technology Portfolio, AIM V.I. Dynamics Fund, AIM V.I. Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging Growth Series are not open to new premium or transfers.*

***The Board of Scudder VIT EAFE^(R) Equity Index Fund (the "Fund") has voted to terminate and liquidate the Fund, effective on or about July 25, 2005. Effective immediately, you may transfer your investment in the above Funds to any other investment options available under your Policy. Any such transfer will not count against the number of free transfers permitted in one Policy Year. On the date of liquidation, if you still have an investment in the above Fund, your investment will be transferred to the Fidelity VIP Money Market Portfolio.*

<R>

Although the investment objectives and policies of the Funds may be similar to those of other mutual funds managed by the Funds' investment advisers, the investment results of the Funds can differ significantly from those of such other mutual funds. Some of the Funds' investment advisers may compensate us for administering the Funds as investment options under the Policy. Such compensation is paid from advisers' assets.

The Funds may also be available to separate accounts offering variable annuity and variable life products of other affiliated and unaffiliated insurance companies, as well as our other separate accounts. Although we do not anticipate any disadvantages in this, there is a possibility that a material conflict may arise between the interests of the Variable Account and one or more of the other separate accounts participating in the Funds. A conflict may occur due to a change in law affecting the operations of variable life and variable annuity separate accounts, differences in the voting instructions of policyowners and those of other companies, or some other reason. In the event of conflict, we will take any steps necessary to protect policyowners, including withdrawal of the Variable Account from participation in the Funds which are involved in the conflict or substitution of shares of other Funds.

Fees and Expenses of the Funds

Fund shares are purchased at net asset value, which reflects the deduction of investment management fees and certain other expenses. The management fees are charged by each Fund's investment adviser for managing the Fund and selecting its portfolio of securities. Other Fund expenses can include such items as interest expense on loans and contracts with transfer agents, custodians and other companies that provide services to the Fund.

The Fund expenses are assessed at the Fund level and are not direct charges against Variable Account assets or reductions from Cash Values. These expenses are taken into consideration in computing each Fund's net asset value, which is the share price used to calculate the Unit Values of the Variable Account. Thus, you indirectly bear the fees and expenses of the Funds you select. The table presented earlier shows annual expenses paid by the Funds as a percentage of average net assets.

The management fees and other expenses of the Funds are more fully described in the Fund Prospectuses. The information relating to the Fund expenses was provided by the Fund and was not independently verified by us.

Our General Account

Our general account consists of all of our assets other than those in our variable separate accounts. Subject to applicable law, we have sole discretion over the investment of our general account assets.

The Fixed Account Option is not a security and the general account is not an investment company. Interests in our general account offered through the Fixed Account Option have not been registered under the Securities Act of 1933 and our general account has not been registered as an investment company under the Investment Company Act of 1940.

You may allocate net premiums to the Fixed Account Option and may transfer a portion of your investments in the Sub-Accounts to the Fixed Account Option. You may also transfer a portion of your investment in the Fixed Account Option to any of the variable Sub-Accounts. Transfers may be subject to certain restrictions.

An investment in the Fixed Account Option does not entitle you to share in the investment experience of our general account. Instead, we guarantee that your fixed account investment will accrue interest daily at an effective annual rate of at least 3%, without regard to the actual investment experience of our general account. We may, at our sole discretion, credit a higher rate of interest, but are not obligated to do so.

Investment Programs

Dollar Cost Averaging.

You may select, at no extra charge, a dollar cost averaging program by allocating a minimum of \$5,000 to a Sub-Account designated by us. Each month or quarter, a level amount will be transferred automatically, at no cost, to one or more Sub-Accounts chosen by you, up to a maximum of twelve. The program continues until your Account Value allocated to the program is depleted or you elect to stop the program.

The main objective of a dollar cost averaging program is to minimize the impact of short-term price fluctuations. Since the same dollar amount is transferred to other available Sub-Accounts at set intervals, dollar cost averaging allows you to purchase more Units (and, indirectly, more Fund shares) when prices are low and fewer Units (and, indirectly, fewer Fund shares) when prices are high. Therefore, a lower average cost per Unit may be achieved over the long-term. A dollar cost averaging program allows you to take advantage of market fluctuations. However, it is important to understand that a dollar cost averaging program does not assure a profit or protect against loss in a declining market.

Asset Rebalancing.

Once your money has been allocated among the Investment Options, the earnings may cause the percentage invested in each Investment Option to differ from your allocation instructions. You can direct us to automatically rebalance the policy among your Sub-Accounts to return to your allocation percentages by selecting our asset rebalancing program. The rebalancing will be on a calendar quarter, semi-annual or annual basis, depending on your instructions. The minimum amount of each rebalancing is \$1,000.

There is no charge for asset rebalancing. In addition, rebalancing will not be counted against any limit we may place on your number of transfers in a Policy Year. You may not select dollar cost averaging and asset rebalancing at the same time. We reserve the right to modify, suspend or terminate this program at anytime. We also reserve the right to waive the \$1,000 minimum amount for asset rebalancing.

<R>**Asset Allocation.** One or more asset allocation investment programs may be made available in connection with the Policy, at no extra charge. Asset allocation is the process of investing in different asset classes -- such as equity funds, fixed income funds and money market funds -- depending on your personal investment goals, tolerance for risk, and investment time horizon. By spreading your money among a variety of asset classes, you may be able to reduce the risk and volatility of investing, although there are no guarantees, and asset allocation does not insure a profit or protect against loss in a declining market. Currently, you may select one of the asset allocation models, each of which represents a combination of Sub-Accounts with a different level of risk. These asset allocation models, as well as the terms and conditions of the asset allocation program, are fully described in a separate brochure. We may add or delete such programs in the future. If you elect an asset allocation program, we automatically rebalance your premium payments among the Sub-Accounts represented in the model you choose. We rebalance your premium payments on a quarterly basis, without further instruction, until we receive notification that you wish to terminate the program or choose a different model. While the asset allocation models may be reviewed and changed from time to time, we will not change your original percentage allocations among the Sub-Accounts in the model you chose and will discontinue rebalancing at that time, unless you advise us otherwise. You should consult your financial adviser periodically to consider whether the model you have selected is still appropriate for you or whether you wish to change your percentage allocations.<R>

About the Policy

Policy Application, Issuance and Initial Premium

To purchase a Policy, you must first submit an application to our Principal Office. We may then follow certain underwriting procedures designed to determine the insurability of the proposed Insured. We offer the Policy on a regular (medical) underwriting basis and simplified underwriting basis. We may require medical examinations and further information before the proposed application is approved. Simplified underwriting is available to certain groups of Insureds, with all Insureds meeting certain other underwriting requirements. We must pre-approve any simplified underwriting arrangement. The cost of insurance rates are higher for healthy individuals when simplified underwriting is used instead of regular underwriting. Proposed Insureds must be acceptable risks based on our

underwriting limits and standards. A Policy cannot be issued until the underwriting process has been completed to our satisfaction. We reserve the right to reject an application that does not meet our underwriting requirements or to apply extra charges for the underwriting classification for an Insured which will result in increased Monthly Cost of Insurance charges.

You must specify certain information in the application, including the Specified Face Amount, the death benefit option and supplemental benefits, if any. The Specified Face Amount generally may not be decreased below \$100,000-the "Minimum Specified Face Amount."

While your application is being reviewed, we may make available to you temporary life insurance coverage if you have signed a Policy Application and, at that same time, submitted a separate signed application for temporary coverage and made an advance payment. The temporary coverage, if available, begins on the date that separate application for it is signed, has a maximum amount and is subject to other conditions.

Pending approval of your application, any advance payments will be held in our general account. Upon approval of the application, we will issue to you a Policy on the life of the Insured. The *Issue Date* is the date we produce the Policy on our system and is specified in the Policy. A specified minimum Initial Premium is due and payable as of the date of issue for the Policy. The Effective Date of Coverage for the Policy will be the later of-

- the *Issue Date*, or

- the date a premium is paid equal to or in excess of the specified Initial Premium.

If an application is not approved, we will promptly return all advance payments to you.

Right of Return Period

If you are not satisfied with the Policy, it may be returned by delivering or mailing it to our Principal Office or to the representative from whom the Policy was purchased within 10 days from the date of receipt of the Policy (the "Right of Return Period"). A longer period may apply in some states.

A Policy returned under this provision will be deemed void. You will receive a refund equal to the sum of all premium payments made, if the Policy indicates this is your right; otherwise, your refund will equal the sum of-

- the difference between any premium payments made, including fees and charges, and the amounts allocated to the Variable Account;

- the value of the amounts allocated to the Variable Account on the date the cancellation request is received by us at our Principal Office; and

- any fees or charges imposed on amounts allocated to the Variable Account.

Unless the Policy indicates you are entitled to receive a full refund of premiums paid, we will allocate net premium payments to the Investment Options in accordance with your allocation instructions. You bear all of the investment risk during the Right of Return Period.

If the Policy indicates you are entitled to receive a full refund of premiums paid, we will allocate the net premium payments to the money market Sub-Account or to our general account, whichever we specify in your Policy. Upon expiration of the number of days in the Right of Return Period, as measured from the Issue Date, plus five days, the Account Value in that Sub-Account or in the general account, as applicable, will be transferred to the Investment Options in accordance with your allocation instructions.

Policies delivered in Connecticut, Maryland and North Carolina only.

During the first eighteen months (twenty-four months in North Carolina), this Policy is in force, You may exchange it for a flexible premium adjustable life insurance policy issued by Us or an affiliate, the benefits of which do not vary with the investment performance of a separate account. The Account Value of this Policy will be transferred to the new policy. We will not require evidence

of insurability for the exchange. To effect an exchange, You must give Us written notice at Our Principal Office within this eighteen-month (or twenty-four month) period.

Premium Payments

All premium payments must be made payable to Sun Life Assurance Company of Canada (U.S.) and mailed to our Principal Office. The Initial Premium will be due and payable as of the Policy's Issue Date. The minimum Initial Premium is, generally, two Minimum Monthly Premiums. Additional premium payments may be paid to us subject to the limitations described below.

Premium.

We reserve the right to limit the number of premium payments we accept in a year. No premium payment may be less than \$50 without our consent, although we will accept a smaller premium payment if necessary to keep the Policy in force. We reserve the right not to accept a premium payment that causes the death benefit to increase by an amount that exceeds the premium received. Evidence of insurability satisfactory to us may be required before we accept any such premium. We will not accept premium payments that would, in our opinion, cause the Policy to fail to qualify as life insurance under applicable federal tax law. If a premium payment is made in excess of these limits, we will accept only that portion of the premium within those limits, and will refund the remainder to you.

After the policy anniversary on which the Insured is Attained Age 100, we will not accept any more premium payments for the Policy.

Net Premiums.

The net premium is the amount you pay as the premium less the Expense Charges Applied to Premium.

Allocation of Net Premium.

Except as otherwise described herein, net premium will be allocated in accordance with your allocation percentages. You must allocate at least 1% of net premium to any Investment Option you choose.

Percentages must be in whole numbers. We reserve the right to limit the number of Investment Options to which you may allocate your Account Value to not more than 20 Investment Options. You may change your allocation percentages at any time by telephone or written request to our Principal Office. Telephone requests will be honored only if we have a properly completed telephone authorization form for you on file. We, our affiliates and the representative from whom you purchased the Policy will not be responsible for losses resulting from acting upon telephone requests reasonably believed to be genuine. We will use reasonable procedures to confirm that instructions communicated by telephone are genuine. You will be required to identify yourself by name and a personal identification number for transactions initiated by telephone. An allocation change will be effective as of the date we accept receipt of the request for that change.

Planned Periodic Premiums.

While you are not required to make additional premium payments according to a fixed schedule, you may select a planned periodic premium schedule and corresponding billing period, subject to our limits. We will send you reminder notices for the planned periodic premium at each billing period as specified in the Policy, unless reminder notices have been suspended as described below. You are not required, however, to pay the planned periodic premium; you may increase or decrease the planned periodic premium subject to our limits, and you may skip a planned payment or make unscheduled payments. You may change your planned payment schedule or the billing period, subject to our approval. Depending on the investment performance of the Sub-Accounts you select, the planned periodic premium may not be sufficient to keep the Policy in force, and you may need to change your planned payment schedule or make additional payments in order to prevent termination of the Policy. We will suspend reminder notices at your written request, and we reserve the right to suspend reminder notices if premiums are not being paid (except for notices in connection with the grace period). We will notify you prior to suspending reminder notices.

Death Benefit

If the Policy is in force at the time of the Insured's death, we will pay the beneficiary an amount based on the death benefit option in effect once we have received Due Proof of the Insured's death. The amount payable will be:

- the amount of the selected death benefit option, **plus**
- any amounts payable under any supplemental benefits added to the Policy, **minus**
- the value of any Policy Debt on the date of the Insured's death, **minus**
- any overdue monthly deductions if death occurs during a grace period.

We will pay this amount to the beneficiary in one lump sum, unless we and the beneficiary agree on another form of settlement. You may select between two death benefit options. You may change the death benefit option after the first Policy Year.

Option A.

Under this option, the death benefit is-

- ☐ the Policy's Specified Face Amount on the date of the Insured's death; *or, if greater,*
- ☐ the Policy's Account Value on the date of death multiplied by the applicable percentage shown in the table set forth in Appendix B.

This death benefit option should be selected if you want the death benefit to remain level over time.

Option B.

Under this option, the death benefit is-

-the sum of the Specified Face Amount and Account Value of the Policy on the date of the Insured's death; *or, if greater,*

the Policy's Account Value on the date of death multiplied by the applicable percentage shown in the table set forth in -Appendix B.

This death benefit option should be selected if you want your death benefit to change with the Policy's Account Value. There is no charge related to the election of Option B.

As Option B includes the Policy's Account Value, the death benefit will be impacted in a positive or negative manner by the premiums you pay, the investment performance of the Sub-Accounts you select, the interest credited to the Fixed Account Option, any loans, partial withdrawals and the charges we deduct from the Policy. For example, the death benefit may be less if there is

- minimum premium funding,
- poor investment performance of the Sub-Accounts you select,
- minimum interest credited to the Fixed Account Option,
- an unpaid loan,
- a partial withdrawal and/or
- maximum charge deductions.

If you change from Option B to Option A, the Specified Face Amount will be increased by an amount equal to the Policy's Account Value on the effective date of change. If you change from Option A to Option B, the Specified Face Amount will be decreased by an amount equal to the Policy's Account Value on the effective date of the change.

Changes in Specified Face Amount

You may increase or decrease the Specified Face Amount of the Policy within certain limits.

Minimum Changes.

Each increase in the Specified Face Amount must be at least \$50,000. We reserve the right to change the minimum amount by which you may change the Specified Face Amount.

Increases.

After the first policy anniversary, you may request an increase in the Specified Face Amount. You must provide satisfactory evidence of the Insured's insurability. Once requested, an increase will become effective at the next policy anniversary following our approval of your request. The Policy does not allow for an increase if the Insured's Attained Age is greater than 80 on the effective date of the increase.

Decreases.

The Specified Face Amount can be decreased after the fourth policy anniversary. A decrease will become effective at the beginning of the next Policy Month following our approval of your request. The Specified Face Amount after the decrease must be at least \$100,000. Surrender charges will

apply to decreases in the Specified Face Amount during the surrender charge period except for decreases in the Specified Face Amount resulting from a change in the death benefit option or a partial withdrawal. For purposes of determining surrender charges and later cost of insurance charges, we will apply a decrease in Specified Face Amount in the following order-

- first, to the most recent increase;
- second, to the next most recent increases, in reverse chronological order; and
- finally, to the initial Specified Face Amount.

Accessing Your Account Value

Surrenders and Surrender Charges

You may surrender the Policy for its Cash Surrender Value at any time while the Insured is living. If you do, the

insurance coverage and all other benefits under the Policy will terminate. If you surrender the Policy and receive its Cash Surrender Value, you may incur surrender charges, taxes and tax penalties.

Cash Surrender Value

is the Policy's Account Value less the sum of-

- the outstanding balance of any Policy Debt; and
- any surrender charges.

We will deduct surrender charges from your Account Value if you surrender the Policy or request a decrease in the Specified Face Amount during the surrender charge period. There are separate surrender charges for the initial Specified Face Amount and any increase in the Specified Face Amount you request. The surrender charge period will start on the Policy's Issue Date and on the effective date for the increase, respectively.

We will determine your Cash Surrender Value at the next close of business on the New York Stock Exchange after we receive your written request for surrender at our Principal Office.

If you surrender the Policy in the first 12 years or within the first 12 years after an increase in the Specified Face Amount, we will apply a surrender charge to the initial Specified Face Amount and to each increase in the Specified Face Amount other than an increase resulting from a change in the death benefit option. The surrender charge will be calculated separately for the initial Specified Face Amount and each increase in the Specified Face Amount. The surrender charge will be an amount based on certain factors, including the Policy's Specified Face Amount and the Insured's age, sex and rating class. The following are examples of surrender charges at representative Issue Ages.

First Year Surrender Charges

Per \$1,000 of Specified Face Amount

(Non-tobacco Male)

<u>Issue Age 25</u> \$5.62	<u>Issue Age 35</u> \$7.00	<u>Issue Age 45</u> \$11.00
<u>Issue Age 55</u> \$21.00	<u>Issue Age 65</u> \$26.10	<u>Issue Age 75</u> \$31.20
The surrender charge will be calculated based on the surrender charge percentages for the initial Specified Face Amount and each increase in the Specified Face Amount as shown in the table below.		

Year	<u>Surrender Charge (as a Percentage of the First Year Surrender Charge)</u>	
	Age	
	<u>20-69</u>	<u>70</u>
1	100.0	100.0
2	100.0	93.6
3	100.0	86.9
4	90.0	79.7
5	80.0	71.5
6	70.0	66.2
7	60.0	60.2
8	50.0	53.0
9	40.0	43.9
10	30.0	31.8
11	20.0	25.2
12	10.0	15.9
13+	0.0	0.0

A surrender charge will be applied for each decrease in the Specified Face Amount except for decreases in the Specified Face Amount resulting from a change in death benefit option or partial withdrawal. These surrender charges will be applied in the following order:

- first, to the most recent increase;
- second, to the next most recent increases, in reverse chronological order; and
- third, to the initial Specified Face Amount.

On a decrease in the initial Specified Face Amount, you will pay a proportion of the full surrender charge based on the ratio of the face amount decrease to the initial Specified Face Amount. The surrender charge you pay on a decrease that is less than the full amount of an increase in Specified Face Amount will be calculated on the same basis. Future surrender charges will be reduced by any applicable surrender charges for a decrease in the Specified Face Amount.

You may allocate any surrender charges resulting from a decrease in the Specified Face Amount among the Investment Options. If you do not specify the allocation, then the surrender charges will be allocated proportionally among the Investment Options in excess of any Policy Debt.

Partial Withdrawals

You may make a partial withdrawal of the Policy once each Policy Year after the first Policy Year by written request to us. Each partial withdrawal must be for at least \$500, and no partial withdrawal may be made-

- during Policy Years 2-10 for more than 20 percent of your Cash Surrender Value at the end of the first Valuation Date after we receive your request or
- thereafter for more than your Cash Surrender Value.

If the applicable death benefit option is Option A, the Specified Face Amount will be decreased by the amount of the partial withdrawal. We will apply the decrease to the initial Specified Face Amount and to each increase in Specified Face Amount in the following order-

- first, to the most recent increase;
- second, to the next most recent increases, in reverse chronological order; and
- third, to the initial Specified Face Amount.

Unless you specify otherwise, the partial withdrawal will be allocated proportionally among the Investment Options in excess of any Policy Debt. We will not accept requests for a partial withdrawal if the Specified Face Amount remaining in force after the partial withdrawal would be less than the minimum Specified Face Amount. We will effect a partial withdrawal at the next close of business on the New York Stock Exchange after we receive your written request. A partial withdrawal may result in taxes and tax penalties.

Policy Loans

Using the Policy as collateral, you may request a policy loan of up to 90% of the Policy's Cash Value, decreased by the amount of any outstanding Policy Debt on the date the policy loan is made. The Policy will terminate for no value subject to a grace period if the Policy Debt exceeds the Cash Value. During the no-lapse guarantee period, however, the Policy will not terminate if it satisfies the minimum premium test.

You may allocate the policy loan among the Investment Options. If you do not specify the allocation, then the policy loan will be allocated proportionally among the Investment Options in excess of any Policy Debt. Loan amounts allocated to the Sub-Accounts will be transferred to the Fixed Account Option. We will periodically credit interest at an effective annual rate of 3% on the loaned values of the Fixed Account Option.

Interest on the policy loan will accrue daily at 4% annually during Policy Years 1 through 15 and 3.5% annually thereafter. This interest will be due and payable to us in arrears on each policy anniversary. Any unpaid interest will be added to the principal amount as an additional policy loan and will bear interest at the same rate and will be assessed in the same manner as the prior policy loan.

The Cash Surrender Value and the Policy Proceeds are reduced by the amount of any outstanding Policy Debt.

All funds we receive from you will be credited to the Policy as premium unless we have received written notice, in a form satisfactory to us, that the funds are for loan repayment. In the event you have a loan against the Policy, it is generally advantageous to repay the loan rather than make a premium payment because premium payments incur expense charges whereas loan repayments do not. Loan repayments will first reduce the outstanding balance of the policy loan and then accrued but unpaid interest on such loans. We reserve the right to repay any loans from the Fixed Account Option prior to loans from the Variable Accounts.

A policy loan, whether or not repaid, will affect the Policy Proceeds payable upon the Insured's death and the Account Value because the investment results of the Sub-Accounts will apply only to the non-loaned portion of the Account Value. The longer a loan is outstanding, the greater the effect is likely to be and, depending on the investment results of the Sub-Accounts or the Fixed Account Option while the loan is outstanding, the effect could be favorable or unfavorable.

<R>Short-Term Trading

The Policy is not designed for short-term trading. If you wish to employ such strategies, do not purchase a Policy. Transfer limits and other restrictions, described below, are subject to our ability to monitor transfer activity. Some Owners and their third party intermediaries engaging in short-term trading may employ a variety of strategies to avoid detection. Despite our efforts to prevent short-term trading, there is no assurance that we will be able to identify such Owners or intermediaries or curtail their trading.

A failure to detect and curtail short-term trading could result in adverse consequences to Owners. Short-term trading can increase costs for all Owners as a result of excessive portfolio transaction fees. In addition, short-term trading can adversely affect a Fund's performance. If large amounts of money are suddenly transferred out of a Fund, the Fund's investment adviser cannot effectively invest in accordance with the Fund's investment objectives and policies.

The Company has policies and procedures to discourage frequent transfers of Account Value. As described below under "Transfer Privileges," the Policy includes limiting the number and timing of certain transfers, subject to exceptions described in that section and exceptions designed to protect the interest of individual Owners. The Company also reserves the right to charge a fee for transfers.

Short-term trading activities whether by an individual, a firm or a third party authorized to initiate transfer requests on behalf of Owner(s) may be subject to other restrictions as well. For example, we reserve the right to take actions against short-term trading which restrict your transfer privileges more narrowly than the policies described under "Transfer Privileges", such as requiring transfer requests to be submitted in writing through regular first-class U.S. mail (e.g., no overnight, priority or courier delivery allowed), and refusing any and all transfer instructions.

If we determine that a third party acting on your behalf is engaging (alone or in combination with transfers effected by you directly) in a pattern of short-term trading, we may refuse to process certain transfers requested by such a third party. In particular, we will treat as short-term trading activity and refuse to process any transfer that is requested by an authorized third party within 30 days of a previous transfer (whether the earlier transfer was requested by you or a third party acting on your behalf). We may also impose special restrictions on third parties that engage in reallocations of Policy values by limiting the frequency of the transfer, requiring advance notice of the transfer pursuant to in-force service agreements, and reallocating or exchanging 100% of the values in the redeeming sub-accounts.

In addition, some of the Funds reserve the right to refuse purchase or transfers requests from the Variable Account if, in the judgment of the Fund's investment adviser, the Fund would be unable to invest effectively in accordance with its investment objective and policies, or the request is considered to be part of a short-term trading strategy. Accordingly, the

Variable Account may not be in a position to effectuate some transfers with such Funds and therefore, will be unable to process such transfer requests. We also reserve the right to refuse requests involving transfers to or from the Fixed Account Option.

We reserve the right to waive short-term trading restrictions, where permitted by law and not adverse to the interests of the relevant underlying Fund and other shareholders, in the following instances:

- when a new broker of record is designated for the Policy;

- when the Owner changes;
- when control of the Policy passes to the designated beneficiary upon the death of the Insured;
- when necessary in our view to avoid hardship to an Owner;
- when underlying Funds are dissolved, merged or substituted.

If short-term trading results as a consequence of waiving the restrictions against short-term trading, it could expose Owners to certain risks. The short-term trading could increase costs for all Owners as a result of excessive portfolio transaction fees. In addition, the short-term trading could adversely affect a Fund's performance. If large amounts of money are suddenly transferred out of a Fund, the Fund's investment adviser cannot effectively invest in accordance with the Fund's investment objectives and policies. Unless the short-term trading policy and the permitted waivers of that policy are applied uniformly, some Owners may experience a different application of the policy and therefore may experience some of these risks. Too much discretion on our part in allowing the waivers of short-term trading policy could result in an unequal treatment of short-term traders by permitting some short-term traders to engage in short-term trading while prohibiting others from doing the same.<R>

Transfer Privileges

Subject to the above special restrictions and to our rules as they may exist from time to time and to any limits that may be imposed by the Funds, you may at any time transfer to another Sub-Account all or a portion of the Account Value allocated to a Sub-Account. There is usually no charge imposed on transfers; however, we reserve the right to impose a transfer charge of \$15 for each transfer above 12 transfers in any Policy Year. We will make transfers pursuant to an authorized written or telephone request to us. Telephone requests will be honored only if we have a properly completed telephone authorization form for you on file. We, our affiliates and the representative from whom you purchased the Policy will not be responsible for losses resulting from acting upon telephone requests reasonably believed to be genuine. We will use reasonable procedures to confirm that instructions communicated by telephone are genuine. For transactions initiated by telephone, you will be required to identify yourself by name and a personal identification number.

Transfers may be requested by indicating the transfer of either a specified dollar amount or a specified percentage of the Fixed Account Option or the Sub-Account's value from which the transfer will be made. If you request a transfer based on a specified percentage of the Fixed Account Option or the Sub-Account's value, that percentage will be converted into a request for the transfer of a specified dollar amount based on application of the specified percentage to the Fixed Account Option or the Sub-Account's value at the time the request is received. We reserve the right to limit the number of Sub-Accounts to which you may allocate your Account Value to not more than 20 Investment Options.

Transfer privileges are subject to our consent. We reserve the right to impose limitations on transfers, including, but not limited to: (1) the minimum amount that may be transferred; (2) the frequency of transfers; and (3) the minimum amount that may remain in a Sub-Account following a transfer from that Sub-Account. We will notify you in writing of any such limitations. If your Policy so states in its text or via endorsement, thirty days must elapse between each transfer.

<R>Transfers from the Fixed Account Option to the Sub-Accounts are limited to one transfer annually equaling 25% of the value of the Fixed Account Option at the end of the prior Policy Year or \$5,000, whichever is greater.<R>

We reserve the right to restrict amounts transferred to the Fixed Account Option from the Variable Account.

Account Value

Your Account Value is the sum of the values in each Sub-Account of the Variable Account with respect to the Policy, plus the value of the Fixed Account Option. The Account Value varies depending upon the Premiums paid, Expense Charges Applied to Premium, Mortality and Expense Risk Charges, Monthly Expense Charges, Monthly Cost of Insurance charges, partial withdrawals, fees, policy loans and the net investment factor (described below).

The minimum guaranteed interest rate applicable to the values in the Fixed Account Option is 3% annually. Interest in excess of the guaranteed rate may be applied in such a manner as we may determine, based on our expectations of future interest, mortality costs, persistency, expenses and taxes. Interest credited will be computed on a compound interest basis.

Account Value of the Sub-Accounts.

We measure the amounts in the Sub-Accounts in terms of Units and Unit Values. On any given date, the amount you have in a Sub-Account is equal to the Unit Value multiplied by the number of Units credited to you in that Sub-Account. Amounts allocated to a Sub-Account will be used to purchase Units of that Sub-Account. Units are redeemed when you make partial withdrawals, undertake policy loans or transfer amounts from a Sub-Account, and for the payment of Monthly Expense Charges, Monthly Cost of Insurance charges, Mortality and Expense Risk Charges and other fees. The number of Units of each Sub-Account purchased or redeemed is determined by dividing the dollar amount of the transaction by the Unit Value for the Sub-Account. A *Valuation Date* is any day on which we, the applicable Fund, and the NYSE are open for business. For the first Valuation Date of each Sub-Account, the Unit Value is established at \$10.00. The Unit Value for any subsequent Valuation Date is equal to the Unit Value for the preceding Valuation Date multiplied by the net investment factor (determined as provided below). The Unit Value of a Sub-Account for any Valuation Date is determined as of the close of the *Valuation Period* ending on that Valuation Date. The *Valuation Period* is the period of time from one determination of Unit Values to the next.

Transactions are processed on the date we receive a premium at our Principal Office or any acceptable written or telephonic request is received at our Principal Office. If your premium or request is received on a date that is not a Valuation Date, or after the close of the New York Stock Exchange on a Valuation Date, the transaction will be processed on the next Valuation Date. The *Investment Start Date* is the date we apply your first premium payment, which will be the later of the Issue Date, the policy date or the Valuation Date we receive a premium equal to or in excess of the initial premium.

The Account Value on the *Investment Start Date* equals:

- the net premium received, **minus**
- the monthly deductions due on the policy date and subsequent Monthly Anniversary Days through the Investment Start Date charged to the Sub-Accounts and the Fixed Account Option.

The Account Value on subsequent Valuation Dates is equal to:

- the values on the previous Valuation Date, **plus**
- any additional premium we have received, **plus or minus**
- the investment experience of the Investment Options you have selected, **minus**
- policy charges and deductions, **minus**
- any partial withdrawals you have made.

Net Investment Factor.

The *net investment factor* for each Sub-Account for any Valuation Period is the quotient of (1) divided by (2) where:

(1) is the net result of-

- the net asset value of a Fund share held in the Sub-Account determined as of the end of the Valuation Period, **plus**
- the per share amount of any dividend or other distribution declared on Fund shares held in the Sub-Account if the "ex-dividend" date occurs during the Valuation Period, **plus or minus**

a per share credit or charge with respect to any taxes reserved for by us, or paid by us if not previously reserved for, during the Valuation Period which are determined by us to be attributable to the operation of the Sub-Account; and

(2) is the net asset value of a Fund share held in the Sub-Account determined as of the end of the preceding Valuation Period.

The net investment factor may be greater or less than one.

Insufficient Value.

The Policy will terminate for no value, subject to a grace period described below if, on a Processing Date

- the Policy's Cash Surrender Value is equal to or less than zero or

- the Policy Debt exceeds the Cash Value.

During the no-lapse guarantee period, a Policy will not terminate by reason of insufficient value if it satisfies the "minimum premium test" described below.

Minimum Premium Test (No-Lapse Guarantee).

A Policy satisfies the minimum premium test if the premiums paid less any partial withdrawals less any Policy Debt exceed the sum of the "Minimum Monthly Premiums" which applied to the Policy in each Policy Month from the policy date to the Valuation Date.

The applicable Minimum Monthly Premiums are specified in the Policy. We may revise the Minimum Monthly Premiums as a result of any of the following changes to a Policy:

- change in Specified Face Amount

- change in supplemental benefit

The revised minimum monthly premiums will be effective as of the effective date of the change to the Policy and will remain in effect until again revised by any of the above changes.

The no-lapse guarantee period will be different based on the Insured's age. It may also vary in some states, but in no case will it be greater than 20 years.

Grace Period.

If, on a Valuation Date, the Policy will terminate by reason of insufficient value, we will allow a grace period. This grace period will allow 61 days from that Valuation Date for the payment of a premium sufficient to keep the Policy in force. Notice of premium due will be mailed to your last known address and the last known address of any assignee of record. We will assume that your last known address is the address shown on the Policy Application (or notice of assignment), unless we receive written notice of a change in address in a form satisfactory to us. If the premium due is not paid within 61 days after the beginning of the grace period, then the Policy and all rights to benefits

will terminate without value at the end of the 61 day period. The Policy will continue to remain in force during this grace period. If the Policy Proceeds become payable by us during the grace period, then any overdue monthly deductions will be deducted from the amount payable by us.

Splitting Units.

We reserve the right to split or combine the value of Units. In effecting any such change, strict equity will be preserved and no change will have a material effect on the benefits or other provisions of the Policy.

Charges and Deductions

The monthly deductions described below are the Mortality and Expense Risk Charges, Monthly Expense Charges, Monthly Costs of Insurance and the charges for any supplemental benefits.

There are no monthly deductions after the policy anniversary on which the Insured is Attained Age 100.

Expense Charges Applied to Premium.

We will deduct a charge from each premium payment as a sales load and for our federal, state and local tax obligations, which we will determine from time to time. The current charge is 5.25%. The maximum charge is guaranteed not to exceed 7.25%.

Mortality and Expense Risk Charge.

This charge is for the mortality and expense risks we assume with respect to the Policy. It is a percentage of the Account Value of the Sub-Accounts and, unless you direct otherwise, is deducted proportionally from the Account Value of the Investment Options each month. "Mortality and Expense Risk Charge" is referred to as "Product Risk Charge" in Maryland policies.

The Mortality and Expense Risk Charge percentage is 0.60% (.05% monthly) annually for Policy Years 1 through 10 and 0.10% (.00837% monthly) annually thereafter.

The mortality risk we assume is that the group of lives insured under the Policies may, on average, live for shorter periods of time than we estimated. The expense risk we assume is that our costs of issuing and administering Policies may be more than we estimated.

Monthly Expense Charge.

We will deduct from your Account Value monthly a charge of \$8.00 in all years and a monthly charge based on the Specified Face Amount for the first 10 Policy Years following the issuance of the Policy and for the first 10 Policy Years following the effective date of each increase in the Specified Face Amount, if any, based on the amount of the increase. The Monthly Expense Charge is based on the age, sex and rating class of the Insured. Unless you direct otherwise, the Monthly Expense Charges will be deducted proportionally from the amounts in the Investment Options in excess of any Policy Debt and covers administration expenses and issuance costs.

Monthly Cost of Insurance.

We deduct a Monthly Cost of Insurance charge from your Account Value to cover anticipated costs of providing insurance coverage. Unless you direct otherwise, the Monthly Cost of Insurance deduction will be charged proportionally to the amounts in the Investment Options in excess of any Policy Debt.

The Monthly Cost of Insurance equals the sum of (1), (2) and (3) where:

- (1) is the cost of insurance charge equal to the Monthly Cost of Insurance rate (described below) multiplied by the net amount at risk divided by 1,000;
- (2) is the monthly rider cost for any riders which are a part of the Policy; and
- (3) is any additional insurance charge calculated, as specified in the Policy, for substandard risk classifications.

The *net amount at risk* equals:

-the death benefit divided by 1.00247; **minus**

-your Account Value on the Processing Date prior to assessing the monthly deductions.

The net amount at risk is affected by the performance of the investment options to which premium is allocated, the cumulative premium paid, any Policy Debt, any partial withdrawals, transaction fees and periodic charges.

If there are increases in the Specified Face Amount other than increases caused by changes in the death benefit option, the cost of insurance charge described above is determined separately for the initial Specified Face Amount and each increase in the Specified Face Amount. In calculating the net amount at risk, your Account Value will first be allocated to the initial death benefit and then to each increase in the Specified Face Amount in the order in which the increases were made.

Monthly Cost of Insurance Rates.

The Monthly Cost of Insurance rates (except for any such rate applicable to an increase in the Specified Face Amount) are based on the length of time the Policy has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The Monthly Cost of Insurance rates applicable to

each increase in the Specified Face Amount are based on the length of time the increase has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The Monthly Cost of Insurance rates will be determined by us from time to time based on our expectations of future experience with respect to mortality costs, persistency, interest rates, expenses and taxes, but will not exceed the Guaranteed Maximum Monthly Cost of Insurance Rates based on the 1980 Commissioner's Standard Ordinary Smoker and Nonsmoker Mortality Tables.

Waivers and Reduced Charges

We may reduce or waive the sales load or surrender charge in situations where selling and/or maintenance costs associated with the Policies are reduced, sales of large Policies, and certain group or sponsored arrangements. In addition, we may waive charges in connection with Policies sold to our affiliates' officers, directors and employees.

We also reserve the right to reduce the Expense Charge Applied to Premium, Monthly Expense Charge and Mortality and Expense Risk Charge. We will provide you prompt notice of any reduction. Reductions will be based on uniformly applied criteria that do not discriminate unfairly against any person.

Supplemental Benefits

The following supplemental benefit riders are available. There is no charge for the accelerated benefits rider. An additional cost of insurance will be charged for each of the other riders which is in force as a part of the Monthly Cost of Insurance charge. Each rider is subject to certain limitations and termination provisions. For additional information on the riders, please ask your financial adviser.

Accelerated Benefits Rider.

Under this rider, we will pay you, at your written request in a form satisfactory to us, an "accelerated benefit" if the Insured is terminally ill. An Insured is considered "terminally ill" if the Insured has a life expectancy of 12 months or less due to illness or physical condition. (This time period may be more or less in some states.)

The accelerated benefit payment will be equal to that portion of the Policy's death benefit requested by you, not to exceed the lesser of (a) 75% of the amount of the death benefit or (b) \$250,000 (the "Accelerated Amount"), subject to certain adjustments. There is no charge for this rider.

Accidental Death Benefit Rider.

Under this rider, we will pay the accidental death benefit specified in the Policy when we receive due proof of the Insured's accidental death and that death occurred while this rider was in force, on or after the Insured's first birthday and within ninety days after the date of the accident. The annual rider charge, deducted monthly from the Account Value, is based on the issue age of the Insured.

Waiver of Monthly Deductions Rider.

Under this rider, we will waive the monthly deductions under the Policy retroactive to the date of total disability when the Insured suffers a total disability, if the Insured's total disability commences while this rider is in force and continues for six months. We will continue to waive the monthly deduction for as long as the disability continues. We must receive written notice and due proof before we will waive the monthly deductions. We may require from time to time additional proof that the disability is continuing, but not more frequently than once per year after the disability has continued for two years. The rider charge, deducted monthly from the Account Value, is based on the issue age of the Insured.

Payment of Stipulated Amount Rider.

Under this rider, we will make a monthly payment of the "stipulated amount" when the Insured suffers a total disability, if the Insured's total disability commences while this rider is in force and continues for six months. We will continue to make a payment of that amount for as long as the disability continues but no later than the duration of the payment option elected (Insured's age 65 or 70). We must receive written notice and due proof before we will make a payment. We may require from time to time additional proof that the disability is continuing, but not more frequently than once per year after the disability has continued for two years. The rider charge, deducted monthly from the Account Value, is based on the age and sex of the Insured.

Supplemental Insurance Rider

This rider provides for additional insurance on the life of the Insured by combining term coverage with the underlying variable universal life ("base policy") coverage. This rider has separate charges associated with it. At this time, those charges are lower than base policy charges for the same coverage.

By combining coverage under this rider with base policy coverage, you may be able to buy the same amount of death benefit for less premium than if you had purchased an all base policy. If this rider is combined with base policy coverage, the same amount of premium paid for the combined coverage as for an all base policy will generate faster cash value accumulation within the base policy.

At issue, the base policy may have a no-lapse guarantee period as long as 20 years. However, this rider's no-lapse guarantee period is limited to five years. This rider will terminate at the policy anniversary on which the Insured reaches Attained Age 100. Base policy coverage will continue beyond Attained Age 100 provided there is cash value in the Policy when the Insured reaches Attained Age 100. If a key objective is guarantees, supplementing the Policy with this rider may therefore not be appropriate.

The Cost of Insurance rates used to determine the monthly rider charge deduction from the Account Value are based on the length of time the rider has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The rates will be determined by us from time to time based on our expectations of future experience with respect to mortality costs, persistency, interest rates, expenses and taxes, but will not exceed the Guaranteed Maximum Monthly Cost of Insurance Rates based on the 1980 Commissioner's Standard Ordinary Smoker and Nonsmoker Mortality Tables.

Termination of Policy

The Policy will terminate on the earlier of the date we receive your request to surrender, the expiration date of the Grace Period without payment of premium due or the date of death of the Insured.

Reinstatement

Before the Insured's death, we may reinstate the Policy provided that the Policy has not been surrendered and you-

- make a request for reinstatement within three years from the date of termination;
- submit satisfactory evidence of insurability to us; and
- pay an amount, as determined by us, sufficient to put the Policy in force.

Deferral of Payment

We will usually pay any amount due from the Variable Account within seven days after the Valuation Date following our receipt of written notice satisfactory to us giving rise to such payment or, in the case of death of the Insured, Due Proof of such death. Payment is subject to our rights under the Policy's incontestability and suicide provisions. Payment of any amount payable from the Variable Account on death, surrender, partial withdrawal or policy loan may be postponed whenever:

- the New York Stock Exchange is closed other than customary weekend and holiday closing, or trading on the NYSE is otherwise restricted;
- the Securities and Exchange Commission, by order, permits postponement for the protection of policyowners; or
- an emergency exists as determined by the Securities and Exchange Commission, as a result of which disposal of securities is not reasonably practicable, or it is not reasonably practicable to determine the value of the assets of the Variable Account.

We may defer payment from the Fixed Account Option for a period up to six months.

Rights of Owner

While the Insured is alive, unless you have assigned any of these rights, you may:

- transfer ownership to a new owner;
- name a contingent owner who will automatically become the owner of the Policy if you die before the Insured;
- change or revoke a contingent owner;
- change or revoke a beneficiary;
- exercise all other rights in the Policy;
- increase or decrease the Specified Face Amount, subject to the other provisions of the Policy;
- change the death benefit option, subject to the other provisions of the Policy.

When you transfer your rights to a new owner, you automatically revoke any prior contingent owner designation. When you want to change or revoke a prior beneficiary designation, you have to specify that action. You do not affect a prior beneficiary when you merely transfer ownership, or change or revoke a contingent owner designation.

You do not need the consent of a beneficiary or a contingent owner in order to exercise any of your rights. However, you must give us written notice satisfactory to us of the requested action. Your request will then, except as otherwise specified herein, be effective as of the date you signed the form, subject to any action taken before we received it.

Rights of Beneficiary

The beneficiary has no rights in the Policy until the death of the Insured. If a beneficiary is alive at that time, the beneficiary will be entitled to payment of the Policy Proceeds as they become due.

Other Policy Provisions

Addition, Deletion or Substitution of Investments.

We may decide to add new Sub-Accounts at any time. Also, shares of any or all of the Funds may not always be available for purchase by the Sub-Accounts of the Variable Account, or we may decide that further investment in any such shares is no longer appropriate. In either event, shares of other registered open-end investment companies or unit investment trusts may be substituted both for Fund shares

already purchased by the Variable Account and/or as the security to be purchased in the future, provided that these substitutions have been approved by the Securities and Exchange Commission, to the extent necessary. In addition, the investment policies of the Sub-Accounts will not be changed without the approval of the Insurance Commissioner of the State of Delaware. We also reserve the right to eliminate or combine existing Sub-Accounts or to transfer assets between Sub-Accounts. In the event of any substitution or other act described in this paragraph, we will notify you and make any appropriate amendments to the Policy to reflect the substitution.

Entire Contract.

Your entire contract with us consists solely of the Policy, including the attached copy of the Policy Application and any attached copies of supplemental applications and any riders and endorsements.

Alteration.

Sales representatives do not have any authority to either alter or modify the Policy or to waive any of its provisions. The only persons with this authority are our president, actuary, secretary or one of our vice presidents.

Modification.

Upon notice to you, we may modify the Policy if such a modification-

- is necessary to make the Policy or the Variable Account comply with any law or regulation issued by a governmental agency to which we are or the Variable Account is subject;
- is necessary to assure continued qualification of the Policy under the Internal Revenue Code or other federal or state laws as a life insurance policy;
- is necessary to reflect a change in the operation of the Variable Account or the Sub-Accounts; or
- adds, deletes or otherwise changes Sub-Account options.
-

We also reserve the right to modify certain provisions of the Policy as stated in those provisions. In the event of any such modification, we may make appropriate amendments to the Policy to reflect such modification.

Assignments.

During the lifetime of the Insured, you may assign all or some of your rights under the Policy. All assignments must be filed at our Principal Office and must be in written form satisfactory to us. The assignment will then be effective as of the date you signed the form, subject to any action taken before we acknowledge receipt. We are not responsible for the validity or legal effect of any assignment.

Nonparticipating.

The Policy does not pay dividends. The Policy does not share in our profits or surplus earnings.

Misstatement of Age or Sex (Non-Unisex Policy).

If the age or sex (in the case of a non-unisex Policy) of the Insured is stated incorrectly, the amounts payable by us will be adjusted as follows:

Misstatement discovered at death-The death benefit will be recalculated to that which would be purchased by the most recently charged Monthly Cost of Insurance rate for the correct age or sex (for a non-unisex Policy).

Misstatement discovered prior to death-Your Account Value will be recalculated from the policy date using the Monthly Cost of Insurance Rates based on the correct age or sex (for a non-unisex Policy).

Suicide.

If the Insured, whether sane or insane, commits suicide within two years after the Policy's Issue Date, we will not pay any part of the Policy Proceeds. We will refund the premiums paid, less the amount of any Policy Debt and any partial withdrawals.

If the Insured, whether sane or insane, commits suicide within two years after the effective date of an increase in the Specified Face Amount, then our liability as to that increase will be the cost of insurance for that increase.

Incontestability.

All statements made in the application or in a supplemental application are representations and not warranties. We relied and will rely on those statements when approving the issuance, increase in face amount, increase in death benefit over premium paid, change in death benefit option or reinstatement of the Policy. No statement can be used by us in defense of a claim unless the statement was made in the application or in a supplemental application. In the absence of fraud, after the Policy has been in force during the lifetime of the Insured for a period of two years from

its Issue Date, we cannot contest it except for non-payment of premiums. However, any increase in the face amount which is effective after the Issue Date will be incontestable only after such increase has been in force during the lifetime of the Insured for two years from the Effective Date of Coverage of such increase. Any increase in death benefit over premium paid or increase in death benefit due to a death benefit option change will be incontestable only after such increase has been in force during the lifetime of the Insured for two years from the date of the increase. Any reinstatement will be incontestable after the reinstated Policy has been in force during the lifetime of the Insured for two years from the effective date of the reinstatement.

Report to Owner.

We will send you a report at least once each Policy Year. The report will show current policy values, premiums paid and deductions made since the last report. It will also show the balance of any outstanding policy loans and accrued interest on such loans. There is no charge for this report.

Performance Information

We may sometimes publish performance information related to the Fund, the Variable Account or the Policy in advertising, sales literature and other promotional materials. This information is based on past investment results and is not an indication of future performance.

Portfolio Performance

We may publish a mutual fund portfolio's *total return* or *average annual total return*. Total return is the change in value of an investment over a given period, assuming reinvestment of any dividends and capital gains. Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same total return over a stated period if performance had been constant over the entire period. Average annual total returns smooth variations in performance, and are not the same as actual year-by-year results.

We may also publish a mutual fund portfolio's yield. Yield refers to the income generated by an investment in a portfolio over a given period of time, expressed as an annual percentage rate. When a yield assumes that income earned is reinvested, it is called an *effective yield*. *Seven-day yield* illustrates the income earned by an investment in a money market fund over a recent seven-day period.

Total returns and yields quoted for a mutual fund portfolio include the investment management fees and other expenses of the portfolio, but do not include charges and deductions attributable to the Policy. These expenses would reduce the performance quoted.

Adjusted Non-Standardized Portfolio Performance

We may publish a mutual fund portfolio's total return and yields adjusted for charges against the assets of the Variable Account.

We may publish total return and yield quotations based on the period of time that a mutual fund portfolio has been in existence. The results for any period prior to any Policy being offered will be calculated as if the Policy had been offered during that period of time, with all charges assumed to be those applicable to the Policy.

Other Information

Performance information may be compared, in reports and promotional literature, to:

- the S&P 500, Dow Jones Industrial Average, Lehman Brothers Aggregate Bond Index or other unmanaged indices so that investors may compare the Sub-Account results with those of a group of unmanaged securities widely regarded by investors as representative of the securities markets in general;
- other groups of variable life variable accounts or other investment products tracked by Lipper Analytical Services, a widely used independent research firm which ranks mutual funds and other investment products by overall performance, investment objectives, and assets, or tracked by other services, companies, publications, or persons, such as Morningstar, Inc., who rank such investment products on overall performance or other criteria; or
- the Consumer Price Index (a measure for inflation) to assess the real rate of return from an investment in the Sub-Account. Unmanaged indices may assume the reinvestment of dividends but generally do not reflect deductions for administrative and management expenses.

We may provide Policy information on various topics of interest to you and other prospective policyowners. These topics may include:

- the relationship between sectors of the economy and the economy as a whole and its effect on various securities markets;
- investment strategies and techniques (such as value investing, dollar cost averaging, asset allocation, constant ratio transfer and account rebalancing);
- the advantages and disadvantages of investing in tax-deferred and taxable investments;
- customer profiles and hypothetical purchase and investment scenarios;
- financial management and tax and retirement planning; and
- investment alternatives to certificates of deposit and other financial instruments, including comparisons between a Policy and the characteristics of, and market for, such financial instruments.

Federal Income Tax Considerations

<R>The following is a summary of our understanding of current federal income tax laws and is not intended as tax advice. You should be aware that Congress has the power to enact legislation affecting the tax treatment of life insurance contracts which could be applied retroactively. New judicial or administrative interpretation of federal income tax law may also affect the tax treatment of life insurance contracts. The Internal Revenue Code of 1986, as amended (the "Code"), is not in force in the Commonwealth of Puerto Rico. Accordingly, some references in this summary will not apply to Policies issued in Puerto Rico. However, due to IRS Rev. Rul. 2004-75, as amplified by Rev. Rul. 2004-97, we will treat Policy distributions and withdrawals occurring on and after January 1, 2005 as U.S.-source income that is subject to U.S. income tax withholding and reporting. Any person contemplating the purchase of a Policy or any transaction involving a Policy should consult a qualified tax adviser. **We do not make any representation or provide any guarantee regarding the federal, state or local tax treatment of any Policy or any transaction involving a Policy.**<R>

Our Tax Status

We are taxed as a life insurance company under Subchapter L of the Code. Although we account for the operations of the Variable Account separately from our other operations for purposes of federal income taxation, the Variable Account currently is not separately taxable as a regulated investment company or other taxable entity.

Taxes we pay, or reserve for, that are attributable to the earnings of the Variable Account could affect the Net Investment Factor, which in turn affects your Account Value. Under existing federal income tax law, however, the income (consisting primarily of interest, dividends and net capital gains) of the Variable Account, to the extent applied to increase reserves under the Policy, is not taxable to us. Similarly, no state or local income taxes are currently attributable to the earnings of the Variable Account. Therefore, we do not take any federal, state or local taxes into account when determining the Net Investment Factor. We may take taxes into account when determining the Net Investment Factor in future years if, due to a change in law, our tax status or otherwise, such taxes are attributable to the earnings of the Variable Account.

Taxation of Policy Proceeds

Section 7702 of the Code provides certain tests for whether a policy will be treated as a "life insurance contract" for tax purposes. Provided that the policyowner of the Policy has an insurable interest in the Insured, we believe that the Policy meets these tests, and thus should receive the same federal income tax treatment as a fixed life insurance contract. As such, the Death Benefit under the Policy will generally be eligible for exclusion from the gross income of the beneficiary under Section 101 of the Code, and the policyowner will not be deemed to be in constructive receipt of the increases in Cash Surrender Values, including additions attributable to interest, dividends, appreciation or gains realized upon transfers among the Sub-Accounts and the Fixed Account, until actual receipt thereof.

However, you will be taxed on all of the accumulated income under the Policy on its maturity date and there can be no assurance that an election to extend the maturity date of the Policy will avoid that result. In addition, a corporate owner may be subject to alternative minimum tax on the annual increases in Cash Surrender Values and on the portion of the Death Benefit under the Policy that exceeds its Cash Surrender Value.

To qualify as a life insurance contract under Section 7702, the Policy must satisfy certain actuarial requirements. Section 7702 requires that actuarial calculations be based on mortality charges that meet the "reasonable mortality charge" requirements set forth in the Code, and other charges reasonably expected to be actually paid that are specified in the Policy. The law relating to reasonableness standards for mortality and other charges is based on statutory language and certain IRS pronouncements that do not address all relevant issues. Accordingly, although we believe that the mortality and other charges that are used in the calculations (including those used with respect to Policies issued to so-called "sub-standard risks") meet the applicable requirements, we cannot be certain. It is possible that future regulations will contain standards that would require us to modify the mortality and other charges used in the calculations, and we reserve the right to make any such modifications.

For a variable contract like the Policy to qualify as life insurance for federal income tax purposes, it also must comply with the investment diversification rules found in Section 817 of the Code. We believe that the Variable Account complies with the diversification requirements prescribed by Section 1.817-5 of the Treasury Regulations. The IRS has stated that satisfaction of the diversification requirements described above by itself does not prevent a contract owner from being treated as the owner of separate account assets under an "owner control" test. If a contract owner is

treated as the owner of separate account assets for tax purposes, the contract owner would be subject to taxation on the income and gains from the separate account assets. In published revenue rulings through 1982 and then again in 2003, the IRS has stated that a variable contract owner will be considered the owner of separate account assets if the owner possesses incidents of ownership in those assets, such as the ability to exercise control over the investment of the assets. In Rev. Rul. 2003-91, the IRS considered certain variable annuity and variable life insurance contracts and concluded that the owners of the variable contracts would not be considered the owners of the contracts underlying assets for federal income tax purposes.

Rev. Rul. 2003-91 states that the determination of whether the owner of a variable contract possesses sufficient incidents of ownership over the assets underlying the variable contract so as to be deemed the owner of those assets for federal income tax purposes will depend on all the facts and circumstances. We do not believe that the differences between the Policy and the contracts described in Rev. Rul. 2003-91 with respect to the number of investment choices and the ability to transfer among investment choices should prevent the holding in Rev. Rul. 2003-91 from applying. Nevertheless, you should consult with a competent tax adviser on the potential impact of the investor control rules of the IRS as they relate to the investment decisions and activities you may undertake with respect to the Policy.

The guidelines in Rev. Rul. 2003-91 do not address the treatment of a policyholder which is, or which is affiliated with, an investment manager. Any investment manager or affiliate who purchases a Policy assumes the risk that it may be treated as the owner of the investments underlying the Policy under the "owner control" rules because of the investment manager's control over assets held under the Policy. However, because the diversification rules would permit an investment manager (or its affiliate) to hold a direct investment in an investment option under the Policy, we do not believe that the application of the "owner control" rules to an investment manager (or its affiliate) should affect you.

In the future, the IRS and/or the Treasury Department may issue new rulings, interpretations or regulations on this subject. Accordingly, we reserve the right to modify the Policy as necessary to attempt to prevent you from being considered the owner, for tax purposes, of the underlying assets. We also reserve the right to notify you if we determine that it is no longer practicable to maintain the Policy in a manner that was designed to prevent you from being considered the owner of the assets of the Separate Account. You bear the risk that you may be treated as the owner of Separate Account assets and taxed accordingly.

The tax consequences of distributions from, and loans taken from or secured by, a Policy depend on whether the Policy is classified as a Modified Endowment Contract under Section 7702A of the Code. Due to the flexibility of the payment of premiums and other rights you have under the Policy, classification of the Policy as a Modified Endowment

Contract will depend upon the individual operation of each Policy. A Policy is a Modified Endowment Contract if the aggregate amount paid under the Policy at any time during the first seven Policy Years exceeds the sum of the net level premiums that would have been paid on or before such time if the Policy provided for paid up future benefits after the payment of seven level annual premiums. If there is a reduction in benefits during the first seven Policy Years, the foregoing computation is made as if the Policy originally had been issued at the reduced benefit level. If there is a "material change" to the Policy, the seven year testing period for Modified Endowment Contract status is restarted. A life insurance contract received in exchange for a Modified Endowment Contract also will be treated as a Modified Endowment Contract.

We have undertaken measures to prevent payment of a premium from inadvertently causing the Policy to become a Modified Endowment Contract. In general, you should consult a qualified tax adviser before undertaking any transaction involving the Policy to determine whether such a transaction would cause the Policy to become a Modified Endowment Contract.

If a Policy is not a Modified Endowment Contract, cash distributions from the Policy are treated first as a nontaxable return of the owner's "Investment in the Policy" and then as a distribution of the income earned under the Policy, which is subject to ordinary income tax. (An exception to this general rule occurs when a cash distribution is made in connection with certain reductions in the death benefit under the Policy in the first fifteen contract years. Such a cash distribution is taxed in whole or in part as ordinary income.) Loans from, or secured by, a Policy that is not a Modified Endowment Contract generally are treated as bona fide indebtedness, and thus are not included in the owner's gross income.

If a Policy is a Modified Endowment Contract, distributions from the Policy are treated as ordinary income subject to ordinary income tax up to the amount equal to the excess of the Account Value (which includes unpaid policy loans) immediately before the distribution over the Investment in the Policy. Loans taken from, or secured by, such a Policy, as well as due but unpaid interest thereon, are taxed in the same manner as distributions from the Policy. A 10 percent additional tax is imposed on the portion of any distribution from, or loan taken from or secured by, a Modified Endowment Contract that is included in income except when the distribution or loan is made on or after the owner attains age 59 1/2, is attributable to the policyowner's becoming disabled, or is part of a series of substantially equal periodic payments for the life (or life expectancy) of the policyowner or the joint lives (or joint life expectancies) of the policyowner and the policyowner's Beneficiary. These exceptions are not likely to apply where the Policy is not owned by an individual (or held in trust for an individual). For purposes of the computations described in this paragraph, all Modified Endowment Contracts issued by us (or our affiliates) to the same policyowner during any calendar year are treated as one Modified Endowment Contract.

There are substantial limits on the deductibility of policy loan interest. You should consult a qualified tax adviser regarding such deductions.

Upon the complete maturity, surrender or lapse of the Policy, the amount by which the sum of the Policy's Cash Surrender Value and any unpaid Policy Debt exceeds the policyowner's "Investment in the Policy" (as defined below) is treated as ordinary income subject to tax. Any loss incurred upon surrender generally is not deductible. Any corporation that is

subject to the alternative minimum tax will also have to make a separate computation of the Investment in the Policy and the gain resulting from the maturity of the Policy, or a surrender or lapse of the Policy for purposes of that tax.

The term "Investment in the Policy" means-

- the aggregate amount of any premiums or other consideration paid for a Policy, **minus**
- the aggregate amount received under the Policy which is excluded from the owner's gross income (other than loan amounts), **plus**
- the amount of any loan from, or secured by, the Policy that is a Modified Endowment Contract (as defined below) to
- the extent that such amount is included in the policyowner's gross income.

The "Investment in the Policy" is increased by any unpaid Policy Debt on a Policy that is a Modified Endowment Contract in order to prevent double taxation of income. Since the Policy Debt was treated as a taxable distribution at the time the Policy Debt was incurred, the failure to increase the "Investment in the Policy" by the Policy Debt would cause such amount to be taxed again upon a Policy surrender or lapse.

The amount realized that is taken into account in computing the gain on the complete surrender or lapse of a Policy will include any unpaid Policy Debt on a Policy that is a Modified Endowment Contract even though that amount has already been treated as a taxable distribution.

If a Policy is not a Modified Endowment Contract, then the Investment in the Policy is not affected by the receipt of a loan from, or secured by a Policy.

Whether or not the Policy is a Modified Endowment Contract, however, no payment of the principal of, or the interest due under, any loan from or secured by a Policy will affect the amount of the Investment in the Policy.

A policyowner generally will not recognize gain upon the exchange of the Policy for another life insurance policy issued by us or another insurance company, except to the extent that the policyowner receives cash in the exchange or is relieved of policy indebtedness as a result of the exchange. In no event will the gain recognized exceed the amount by which the Policy's Account Value (which includes unpaid policy loans) exceeds the policyowner's Investment in the Policy.

A transfer of the Policy, a change in the policyowner, a change in the beneficiary, certain other changes to the Policy and particular uses of the Policy (including use in a so called "split-dollar" arrangement) may have tax consequences depending upon the particular circumstances and should not be undertaken prior to consulting with a qualified tax adviser. For instance, if you transfer the Policy or designate a new policyowner in return for valuable consideration (or, in some cases, if the transferor is relieved of a liability as a result of the transfer), then the Death Benefit payable upon the death of the Insured may in certain circumstances be includible in your taxable income to the extent that the Death Benefit exceeds the prior consideration paid for the transfer and any premiums and other amounts paid later by the transferee. Further, in such a case, if the consideration received exceeds your Investment in the Policy, the difference will be taxed to you as ordinary income.

Federal, as well as state and local, estate, inheritance and other tax consequences of ownership or receipt of Policy Proceeds will depend on your individual circumstances and those of the beneficiary.

Withholding

We will withhold and remit to the U.S. Government a part of the taxable portion of each distribution unless, prior to the distribution, the Owner provides us his or her taxpayer identification number and instructs us (in the manner prescribed) not to withhold. The Owner may credit against his or her federal income tax liability for the year of distribution any amounts that we withhold.

Tax Return Disclosure

The Company believes that the purchase of a Policy is not currently subject to the tax return disclosure requirements of IRC Section 6011 and Treasury Regulation Section 1.6011-4. However, it is your responsibility, in consultation with your

tax and legal counsel and advisers, to make your own determination as to the applicability of the disclosure requirements of IRC Section 6011 and Treasury Regulation Section 1.6011-4 to your federal tax return.

The Company believes that the customer list requirements of IRC Section 6112 and Treasury Regulation Section 1.6112-1 are not currently applicable to such offerings and sales.

Under IRC Section 6111 and Temporary Treasury Regulation Section 301.6111, the Company is required to register with the IRS any offerings or sales of Policies that are considered tax shelters. The Company believes that registration would not be required under current regulations with respect to sales of the offering or sale of a Policy.

Distribution of Policy

The Policy is sold by licensed insurance agents ("Selling Agents") in those states where the Policy may be lawfully sold. Such Selling Agents will be registered representatives of affiliated and unaffiliated broker-dealer firms ("Selling Broker-Dealers") registered under the Securities Exchange Act of 1934 who are members of the National Association of Securities Dealers, Inc. and who have entered into selling agreements with the Company and our general distributor, Clarendon Insurance Agency, Inc. ("Clarendon"), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. Clarendon is a wholly-owned subsidiary of the Company, is registered with the SEC under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

The Company (or its affiliates, for the purposes of this section only, collectively, "the Company"), pays the Selling Broker-Dealers compensation for the promotion and sale of the Policy. The Selling Agents who solicit sales of the Policy typically receive a portion of the compensation paid by the Company to the Selling Broker-Dealers in the form of commissions or other compensation, depending on the agreement between the Selling Broker-Dealer and their Selling Agent. This compensation is not paid directly by the Policy Owner or the Separate Account. The Company intends to recoup this compensation through fees and charges imposed under the Policy, and from profits on payments received by the Company for providing administrative, marketing, and other support and services to the Funds.

<R>The amount and timing of commissions the Company may pay to Selling Broker-Dealers may vary depending on the selling agreement but is not expected to be more than 95% of target premium, which will vary based on the Insured's age, sex and rating class, plus 4% of any excess premium payments. In Policy Years two through ten, commissions will not exceed 4% of premium paid and will not exceed 1% of premium paid in Policy Years eleven and thereafter. <R>

The Company may pay or allow other promotional incentives or payments in the form of cash or other compensation to the extent permitted by NASD rules and other applicable laws and regulations.

The Company also pays compensation to wholesaling broker-dealers, including payments to affiliates of the Company, in return for wholesaling services such as providing marketing and sales support and product training to the Selling Agents of the Selling Broker-Dealers. These allowances may be based on a percentage of premium and/or a percentage of Account Value.

In addition to the compensation described above, the Company may make additional cash payments or reimbursements to Selling Broker-Dealers in recognition of their marketing and distribution, transaction processing and/or administrative services support. These payments are not offered to all Selling Broker-Dealers, and the terms of any particular agreement governing the payments may vary among Selling Broker-Dealers depending on, among other things, the level of and type of marketing and distribution support provided. Marketing and distribution support services may include, among other services, placement of the Company's products on the Selling Broker-Dealer's preferred or recommended list, access to the Selling Broker-Dealer's registered representatives for purposes of promoting sales of the Company's products, assistance in training and education for the Selling Agents, and opportunities for the Company to participate in sales conferences and educational seminars.

You should ask your Selling Agent for further information about what commissions or other compensation he or she, or the Selling Broker-Dealer for which he or she works, may receive in connection with our purchase of the Policy.

Voting Rights

We are the legal owner of all shares of the Funds held in the Sub-Accounts of the Variable Account, and as such have the right to vote upon matters that are required by the Investment Company Act of 1940 to be approved or ratified by the shareholders of the Funds and to vote upon any other matters that may be voted upon at a shareholders' meeting. We will, however, vote shares held in the Sub-Accounts in accordance with instructions received from policyowners who have an interest in the respective Sub-Accounts.

We will vote shares held in each Sub-Account for which no timely instructions from policyowners are received, together with shares not attributable to a Policy, in the same proportion as those shares in that Sub-Account for which instructions are received. Should the applicable federal securities laws change so as to permit us to vote shares held in the Variable Account in our own right, we may elect to do so.

The number of shares in each Sub-Account for which a policyowner may give instructions is determined by dividing the portion of the Account Value derived from participation in that Sub-Account, if any, by the value of one share of the corresponding Fund. We will determine the number as of a date we choose, but not more than 90 days before the shareholders' meeting. Fractional votes are counted. Voting instructions will be solicited in writing at least 14 days prior to the shareholders' meeting.

We may, if required by state insurance regulators, disregard voting instructions if those instructions would require shares to be voted so as to cause a change in the sub-classification or investment policies of one or more of the Funds, or to approve or disapprove an investment management contract. In addition, we may disregard voting instructions that would require changes in the investment policies or investment adviser, provided that we reasonably disapprove of those changes in accordance with applicable federal regulations. If we disregard voting instructions, we will advise you of that action and our reasons for it in our next communication to policyowners.

Other Information

State Regulation

We are subject to the laws of Delaware governing life insurance companies and to regulation by Delaware's Commissioner of Insurance, whose agents periodically conduct an examination of our financial condition and business

operations. We are also subject to the insurance laws and regulations of the jurisdictions in which we are authorized to do business.

We are required to file an annual statement with the insurance regulatory authority of those jurisdictions where we are authorized to do business relating to our business operations and financial condition as of December 31st of the preceding year.

Legal Proceedings

There are no pending legal proceedings which would have a material adverse effect on the Variable Account. We are engaged in various kinds of routine litigation which, in our judgment, is not material to the Variable Account.

Experts

Actuarial matters concerning the Policy have been examined by Georges C. Rouhart, FSA, MAAA, Product Officer.

Incorporation of Certain Documents by Reference

<R>The Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC is incorporated by reference in this prospectus. Any statement contained in a document we incorporate by reference is deemed modified or superceded to the extent that a later filed document,

including this prospectus, shall modify or supercede that statement. Any statement so modified or superceded shall not be deemed, except as so modified or superceded, to constitute part of this prospectus.<R>

The Company will furnish, without charge, to each person to whom a copy of this prospectus is delivered, upon the written or oral request of such person, a copy of the document referred to above which has been incorporated by reference in this prospectus, other than exhibits to such document (unless such exhibits are specifically incorporated by reference in this prospectus). Requests for such document should be directed to the Secretary, Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481, telephone (800) 225-3950.

Registration Statements

This prospectus is part of a registration statement that has been filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to the Policy. It does not contain all of the information set forth in the registration statement and the exhibits filed as part of the registration statement. You should refer to the registration statement for further information concerning the Variable Account, Sun Life of Canada (U.S.), the mutual fund investment options and the Policy.

Financial Statements

Our financial statements, provided in the Statement of Additional Information, should be considered only as bearing on our ability to meet our obligations with respect to the death benefit and our assumption of the mortality and expense risks. They should not be considered as bearing on the investment performance of the Fund shares held in the Variable Account. Instructions on how to obtain the Statement of Additional Information are provided on the last page of this prospectus.

Appendix A

Glossary of Terms

Account Value-

The sum of the amounts in each Sub-Account of the Variable Account and the Fixed Account Option with respect to a Policy.

Anniversary-

The same day in each succeeding year as the day of the year corresponding to the policy date.

Attained Age-

The Insured's Issue Age plus the number of completed Policy Years.

Business Day-

Any day that we are open for business.

Cash Value-

Account Value less any surrender charges.

Cash Surrender Value-

The Cash Value decreased by the balance of any outstanding Policy Debt.

Class-

The risk and underwriting classification of the Insured.

Due Proof-

Such evidence as we may reasonably require in order to establish that a benefit is due and payable.

Effective Date of Coverage-

Initially, the Investment Start Date; with respect to any increase in the Specified Face Amount, the Anniversary that falls on or next follows the date we approve the supplemental application for that increase; with respect to any decrease in the Specified Face Amount, the Monthly Anniversary Day that falls on or next follows the date we receive your request.

Expense Charges Applied to Premium-

A percentage charge deducted from each premium payment.

Fixed Account Option-

The portion of the Account Value funded by assets invested in our general account.

Fund-

A mutual fund portfolio in which a Sub-Account invests.

Initial Premium-

The amount necessary to put the coverage in force.

Insured-

The person on whose life a Policy is issued.

Investment Options-

The investment choices consisting of the Sub-Accounts and the Fixed Account Option.

Investment Start Date-

The date the first premium is applied, which will be the later of the Issue Date, the policy date or the Valuation Date we receive a premium equal to or in excess of the Minimum Initial Premium.

Issue Age-

The Insured's age as of the Insured's birthday nearest the policy date.

Issue Date-

The date we produce a Policy from our system as specified in the Policy.

Monthly Anniversary Day-

The same day in each succeeding month as the day of the month corresponding to the policy date.

Monthly Cost of Insurance-

A deduction made on a monthly basis for the insurance coverage provided by the Policy.

Monthly Expense Charge-

A per Policy deduction made on a monthly basis for administration and other expenses.

Mortality and Expense Risk Charge-

The annual rate deducted monthly from the Account Value for the mortality and expense risk we assume by issuing the Policy.

Policy Application-

The application for a Policy, a copy of which is attached to and incorporated in the Policy.

Policy Debt-

The principal amount of any outstanding loan against the Policy, plus accrued but unpaid interest on such loan.

Policy Month-

A Policy Month is a one-month period commencing on the policy date or any Monthly Anniversary Day and ending on the next Monthly Anniversary Day.

Policy Proceeds-

The amount determined in accordance with the terms of the Policy which is payable at the death of the Insured. This amount is the death benefit, decreased by the amount of any outstanding Policy Debt and any unpaid charges and deductions, and increased by the amounts payable under any supplemental benefits.

Policy Year-

A Policy Year is a one-year period commencing on the policy date or any Anniversary and ending on the next Anniversary.

Principal Office-

Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts, 02481, or such other address as we may hereafter specify to you by written notice.

Processing Date-

The first Valuation Date on or next following a Monthly Anniversary Day.

Specified Face Amount-

The amount of life insurance coverage you request as specified in the Policy.

Sub-Accounts-

Sub-accounts into which the assets of the Variable Account are divided, each of which corresponds to an investment choice available to you.

Unit-

A unit of measurement that we use to calculate the value of each Sub-Account.

Unit Value-

The value of each Unit of assets in a Sub-Account.

Valuation Date-

Any day that benefits vary and on which we, the applicable Fund, and the New York Stock Exchange are open for business and any other day as may be required by the applicable rules and regulations of the Securities and Exchange Commission.

Valuation Period-

The period of time from one determination of Unit Values to the next following determination of Unit Values. We will determine Unit Values for each Valuation Date as of the close of the New York Stock Exchange on that Valuation Date.

Variable Account-

Sun Life of Canada (U.S.) Variable Account I.

Appendix B**Table of Death Benefit Percentages**

- Age	<u>Applicable Percentage</u>	<u>Age</u>	<u>Applicable Percentage</u>
20	250%	60	130%
21	250%	61	128%
22	250%	62	126%
23	250%	63	124%
24	250%	64	122%
25	250%	65	120%
26	250%	66	119%
27	250%	67	118%
28	250%	68	117%
29	250%	69	116%
30	250%	70	115%
31	250%	71	113%
32	250%	72	111%
33	250%	73	109%
34	250%	74	107%
35	250%	75	105%
36	250%	76	105%
37	250%	77	105%
38	250%	78	105%

39	250%	79	105%
40	250%	80	105%
41	243%	81	105%
42	236%	82	105%
43	229%	83	105%
44	222%	84	105%
45	215%	85	105%
46	209%	86	105%
47	203%	87	105%
48	197%	88	105%
49	191%	89	105%
50	185%	90	105%
51	178%	91	104%
52	171%	92	103%
53	164%	93	102%
54	157%	94	101%
55	150%	95+	100%
56	146%		
57	142%		
58	138%		
59	134%		

Privacy Policy

Introduction

At the Sun Life Financial group of companies, protecting your privacy is important to us. Whether you are an existing customer or considering a relationship with us, we recognize that you have an interest in how we may collect, use and share information about you.

Sun Life Financial has a long tradition of safeguarding the privacy of its customers' information. We understand and appreciate the trust and confidence you place in us, and we take seriously our obligation to maintain the confidentiality and security of your personal information.

We invite you to review this Privacy Policy which outlines how we use and protect that information.

Collection of Nonpublic Personal Information by Sun Life Financial

Collecting personal information from you is essential to our ability to offer you high-quality investment, retirement and insurance products. When you apply for a product or service from us, we need to obtain information from you to determine whether we can provide it to you. As part of that process, we may collect information about you, known as nonpublic personal information, from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number and date of birth;
- Information about your transactions with us, our affiliates or others, such as other life insurance policies or annuities that you may own; and
- Information we receive from a consumer reporting agency, such as a credit report.

Limited Use and Sharing of Nonpublic Personal Information by Sun Life Financial

We use the nonpublic personal information we collect to help us provide the products and services you have requested and to maintain and service your accounts. Once we obtain nonpublic personal information from you, we do not disclose it to any third party except as permitted or required by law.

We may share your nonpublic personal information within Sun Life Financial to help us develop innovative financial products and services and to allow our member companies to inform you about them. The Sun Life Financial group of companies provides a wide variety of financial products and services including individual life insurance, individual fixed and variable annuities and group life, disability, and medical stop-loss insurance.

We also may disclose your nonpublic personal information to companies that help in conducting our business or perform services on our behalf, or to other financial institutions with which we have joint marketing agreements. Sun Life Financial is highly selective in choosing these companies, and we require them to comply with strict standards regarding the security and confidentiality of our customers' nonpublic personal information. These companies may use and disclose the information provided to them only for the purpose for which it is provided, as permitted by law.

There also may be times when Sun Life Financial is required to disclose its customers' nonpublic personal information, such as when complying with federal, state or local laws, when responding to a subpoena, or when complying with an inquiry by a governmental agency or regulator.

Our Treatment of Information About Former Customers

Our protection of your nonpublic personal information extends beyond the period of your customer relationship with us. If your customer relationship with us ends, we will not disclose your information to nonaffiliated third parties other than as permitted or required by law.

Security of Your Nonpublic Personal Information

We maintain physical, electronic and procedural safeguards that comply with federal and state regulations to safeguard your nonpublic personal information from unauthorized use or improper access.

Employee Access to Your Nonpublic Personal Information

We restrict access to your nonpublic personal information to those employees who have a business need to know that information in order to provide products or services to you or to maintain your accounts. Our employees are governed by a strict code of conduct and are required to maintain the confidentiality of customer information.

<R>The following Sun Life Financial member companies have adopted this Notice. Other Sun Life Financial affiliated companies have adopted their own privacy policies. Please check their websites for details.

Insurance Companies

Distributors/Broker-Dealers/Underwriters

Sun Life Assurance Company of Canada

Clarendon Insurance Agency, Inc.

Sun Life Assurance Company of Canada (U.S.)

IFMG of Oklahoma, Inc.

Sun Life Insurance and Annuity Company of New York

IFS Agencies, Inc.

Independence Life and Annuity Company

IFS Agencies of Alabama, Inc.

(including the separate accounts of these companies)

IFS Agencies of New Mexico, Inc.

IFS Insurance Agencies of Ohio, Inc.

IFS Insurance Agencies of Texas, Inc.

Independent Financial Marketing Group, Inc.

IFMG Securities, Inc.

LSC Insurance Agency of Arizona, Inc.

LSC Insurance Agency of New Mexico, Inc.<R>

The SAI includes additional information about Sun Life of Canada (U.S.) Variable Account I and is incorporated herein by reference. The SAI and personalized illustrations of death benefits, cash surrender values and cash values are available upon request, at no charge. You may make inquiries about the Policy, request an SAI and request a personalized illustration by calling 1-800-700-6554.

You can review and copy the complete registration statement (including the SAI) which contains additional information about us, the Policy and the Variable Account at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the Securities and Exchange Commission at 202-942-8090. Reports and other information about the Policy and its mutual fund investment options

are also available on the SEC's website (www.sec.gov), or you can receive copies of this information, for a duplication fee, by writing the Public Reference Section, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549-0102.

PART B

STATEMENT OF ADDITIONAL INFORMATION

FUTURITY PROTECTOR II VUL

VARIABLE UNIVERSAL LIFE POLICY

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

SUN LIFE OF CANADA (U.S.) VARIABLE ACCOUNT I

<R>May 2, 2005<R>

This Statement of Additional Information (SAI) is not a prospectus but it relates to, and should be read in conjunction with, the Futurity Protector II Variable Universal Life Insurance prospectus, dated May 2, 2005. The SAI is incorporated by reference into the prospectus. The prospectus is available, at no charge, by writing Sun Life Assurance Company of Canada (U.S.) ("the Company") at One Sun Life Executive Park, Wellesley Hills, MA 02481 or calling 1-800-700-6554.

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THE COMPANY AND THE VARIABLE ACCOUNT

<R>Sun Life Financial Inc. ("Sun Life Financial"), a reporting company under the Securities Exchange Act of 1934 with common shares listed on the Toronto, New York and Philippine stock exchanges, is the ultimate corporate parent of Sun Life (U.S.). Sun Life Financial ultimately controls Sun Life (U.S.) through the following intervening company: Sun Life of Canada (U.S.) Holdings, Inc., Sun Life Financial (U.S.) Investments LLC, Sun Life Financial (U.S.) Holdings, Inc., Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc., and Sun Life Financial Corp.

Sun Life of Canada (U.S.) Variable Account I was established in accordance with Delaware law on December 1, 1998 and is registered as a unit investment trust.<R>

CUSTODIAN

We are the Custodian of the assets of the Variable Account. We will purchase Fund shares at net asset value in connection with amounts allocated to the Sub-Accounts in accordance with your instructions, and we will redeem Fund shares at net asset value for the purpose of meeting the contractual obligations of the Variable Account, paying charges relative to the Variable Account or making adjustments for reserves held in the Variable Account.

<R> INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Sun Life Assurance Company of Canada (U.S.) that are included in the Statement of Additional Information have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing therein (which report, dated March 18, 2005, accompanying such financial statements expresses an unqualified opinion and includes explanatory paragraphs relating to the Company's adoption of provisions of Statement of Financial Accounting Standards No. 141, *Business Combinations*, effective December 31, 2003, American Institute of Certified Public Accountants' Statement of Position 03-01, *Accounting and Reporting by Insurance Enterprises of Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, effective January 1, 2004, and the provisions of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, an Interpretation of Account Research Bulletin No. 51, effective December 31, 2003, and FASB Interpretation No 46R, *Consolidation of Variable Interest Entities*, an Interpretation of Accounting Research Bulletin No. 51 (Revised), described in Note 1), and have been included on their authority as experts in accounting and auditing. Their office is located at 200 Berkeley St, Boston, Massachusetts.

The financial statements of Sun Life of Canada (U.S.) Variable Account I that are included in the Statement of Additional Information have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing therein (which report dated April 28, 2005 accompanying the financial statements of Sun Life of Canada (U.S.) Variable Account I expresses an unqualified opinion) and have been included on their authority as experts in accounting and auditing.<R>

DISTRIBUTION AND UNDERWRITING OF THE POLICY

The Policy is sold by licensed insurance agents ("Selling Agents") in those states where the Policy may be lawfully sold. Such Selling Agents will be registered representatives of affiliated and unaffiliated broker-dealer firms ("Selling Broker-Dealers") registered under the Securities Exchange Act of 1934 who are members of the National Association of Securities Dealers, Inc. and who have entered into selling agreements with the Company and our general distributor, Clarendon Insurance Agency, Inc. ("Clarendon"), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. Clarendon is a wholly-owned subsidiary of the Company, is registered with the SEC under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

The Company (or its affiliates, for the purposes of this section only, collectively, "the Company"), pays the Selling Broker-Dealers compensation for the promotion and sale of the Policy. The Selling Agents who solicit sales of the Policy typically receive a portion of the compensation paid by the Company to the Selling Broker-Dealers in the form of commissions or other compensation, depending on the agreement between the Selling Broker-Dealer and their Selling Agent. This compensation is not paid directly by the Policy Owner or the Separate Account. The Company intends to recoup this compensation through fees and charges imposed under the Policy, and from profits on payments received by the Company for providing administrative, marketing, and other support and services to the Funds.

<R>The amount and timing of commissions the Company may pay to Selling Broker-Dealers may vary depending on the selling agreement but is not expected to be more than 95% of target premium, which will vary based on the Insured's age, sex and rating class, plus 4% of any excess premium payments. In Policy Years two through ten, commissions will not exceed 4% of premium paid and will not exceed 1% of premium paid in Policy Years eleven and thereafter. <R>

The Company may pay or allow other promotional incentives or payments in the form of cash or other compensation to the extent permitted by NASD rules and other applicable laws and regulations.

The Company also pays compensation to wholesaling broker-dealers, including payments to affiliates of the Company, in return for wholesaling services such as providing marketing and sales support and product training to the Selling Agents of the Selling Broker-Dealers. These allowances may be based on a percentage of premium and/or a percentage of Account Value.

In addition to the compensation described above, the Company may make additional cash payments or reimbursements to Selling Broker-Dealers in recognition of their marketing and distribution, transaction processing and/or administrative services support. These payments are not offered to all Selling Broker-Dealers, and the terms of any particular agreement governing the payments may vary among Selling Broker-Dealers depending on, among other things, the level of and type of marketing and distribution support provided. Marketing and distribution support services may include, among other services, placement of the Company's products on the Selling Broker-Dealer's preferred or recommended list, access to the Selling Broker-Dealer's registered representatives for purposes of promoting sales of the Company's products, assistance in training and education for the Selling Agents, and opportunities for the Company to participate in sales conferences and educational seminars.

You should ask your Selling Agent for further information about what commissions or other compensation he or she, or the Selling Broker-Dealer for which he or she works, may receive in connection with our purchase of the Policy.

THE POLICY

To apply for a Policy, you must submit an application to our Principal Office. We will then follow underwriting procedures designed to determine the insurability of the proposed Insured. We offer the Policy on a regular (or medical) underwriting and simplified underwriting basis. We may require medical examinations and further information before the proposed application is approved. Simplified underwriting is available to certain groups of insureds, with all Insureds meeting certain other underwriting requirements. We must pre-approve any simplified underwriting arrangements. Proposed Insureds must be acceptable risks based on our underwriting limits and standards. A Policy cannot be issued until the underwriting process has been completed to our satisfaction. We reserve the right to reject an application that does not meet our underwriting requirements or to apply extra charges for the

underwriting classification for an Insured which will result in increased Monthly Cost of Insurance charges. The cost of insurance charges are based on the 1980 Commissioner's Standard Ordinary Smoker and Nonsmoker Mortality Table.

Expense Charges Applied to Premium.

We deduct charges from each premium payment for our federal, state and local tax obligations. The current charge is 5.25%. The guaranteed maximum charge is 7.25%.

Increase in Face Amount.

After the first policy anniversary, you may request an increase in the Specified Face Amount. You must provide satisfactory evidence of the Insured's insurability. Once requested, an increase will become effective at the next policy anniversary following our approval of your request. The Policy does not allow for an increase if the Insured's Attained Age is greater than 80 on the effective date of the increase.

If there are increases in the Specified Face Amount other than increases caused by changes in the death benefit option, the cost of insurance charge is determined separately for the initial Specified Face Amount and each increase in the Specified Face Amount. In calculating the net amount at risk, your Account Value will first be allocated to the initial death benefit and then to each increase in the Specified Face Amount in the order in which the increases were made.

FINANCIAL STATEMENTS

The financial statements of the Variable Account and Sun Life Assurance Company of Canada (U.S.) are included in this Statement of Additional Information. The consolidated financial statements of Sun Life Assurance Company of Canada (U.S.) are provided as relevant to its ability to meet its financial obligations under the Policies and should not be considered as bearing on the investment performance of the assets held in the Variable Account.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

<R>

To the Contract Owners participating in Sun Life of Canada (U.S.) Variable Account I and
the Board of Directors of Sun Life Assurance Company of Canada (U.S.):

We have audited the accompanying statements of condition of AIM V.I. Capital Appreciation Sub-Account, AIM V.I. Growth Sub-Account, AIM V.I. Core Equity Sub-Account, AIM V.I. International Growth Sub-Account, AIM V.I. Premier Equity Sub-Account, Alger American Growth Sub-Account, Alger American Income and Growth Sub-Account, Alger American Small Capitalization Sub-Account, Alger American Mid Cap Growth Sub-Account, Goldman Sachs CORE Small Cap Equity Sub-Account, Goldman Sachs CORE US Equity Sub-Account, Goldman Sachs Growth and Income Sub-Account, Goldman Sachs International Equity Sub-Account, Goldman Sachs Mid Cap Value Sub-Account, MFS/Sun Life Series Trust Capital Appreciation Sub-Account, MFS/Sun Life Series Trust Massachusetts Investors Trust Sub-Account, MFS/Sun Life Series Trust Emerging Growth Sub-Account, MFS/Sun Life Series Trust Government Securities Sub-Account, MFS/Sun Life Series Trust High Yield Sub-Account, MFS/Sun Life Series Trust Massachusetts Investors Growth Stock Sub-Account, MFS/Sun Life Series Trust New Discovery Sub-Account, MFS/Sun Life Series Trust Total Return Sub-Account, MFS/Sun Life Series Trust Utilities Sub-Account, MFS/Sun Life Series Trust Value Sub-Account, OCC Accumulation Trust Equity Sub-Account, OCC Accumulation Trust Mid Cap Sub-Account, OCC Accumulation Trust Small Cap Sub-Account, OCC Accumulation Trust Managed Sub-Account, Sun Capital Money Market Sub-Account, Sun Capital Investment Grade Bond Sub-Account, Sun Capital Real Estate Sub-Account, Sun Capital Select Equity Sub-Account, Sun Capital Blue Chip Mid-Cap Sub-Account, Sun Capital Investors Foundation Sub-Account, Sun Capital Davis Venture Value Sub-Account, Sun Capital Davis Financial Sub-Account, Sun Capital Value Equity Sub-Account, Sun Capital Value Mid Cap Sub-Account, Sun Capital Value Small Cap Sub-Account, Sun Capital Value Managed Sub-Account, Sun Capital Neuberger Berman Mid Cap Value Sub-Account, Sun Capital Neuberger Berman Mid Cap Growth Sub-Account, Sun Capital Alger Growth Sub-Account, Sun Capital Alger Income and Growth Sub-Account, Sun Capital Alger Small Capitalization Sub-Account, Sun Capital All Cap Sub-Account, AIM V.I.

Dynamics Sub-Account, AIM V.I. Small Company Growth Sub-Account, AllianceBernstein VP Technology Sub-Account, AllianceBernstein VP Growth and Income Sub-Account, Fidelity VIP Index 500 Sub-Account, Fidelity VIP Money Market Sub-Account, Fidelity VIP Contrafund Sub-Account, Fidelity VIP Overseas Sub-Account, Fidelity VIP Growth Sub-Account, Franklin Templeton Growth Securities Sub-Account, Franklin Templeton Foreign Securities Sub-Account, PIMCO High Yield Sub-Account, PIMCO Emerging Market Bond Sub-Account, PIMCO Real Return Sub-Account, PIMCO Total Return Sub-Account, PIMCO Low Duration Sub-Account, Scudder Variable Insurance Trust Small Cap Index Sub-Account, Scudder Variable Insurance Trust EAFE Equity Index Sub-Account, Scudder SVS Dreman Small Cap Value Sub-Account, Delaware VIP Growth Opportunities Sub-Account, Dreyfus MidCap Stock Sub-Account, Lord Abbett Growth and Income Sub-Account, Lord Abbett Mid-Cap Value Sub-Account, Oppenheimer Capital Appreciation Sub-Account, Van Kampen LIT Growth & Income Sub-Account and T. Rowe Price Blue Chip Growth Sub-Account of Sun Life (U.S.) Variable Account I (the "Sub-Accounts") as of December 31, 2004, the related statement of operations and the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the four years in the period then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements and financial highlights 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 Sub-Accounts are not required to have, nor were we engaged to perform, an audit of their 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 Sub-Accounts' 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. Our procedures included confirmation of securities owned as of December 31, 2004 by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Sub-Accounts as of December 31, 2004 and the results of their operations and the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts

April 28, 2005

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<R>**Sun Life of Canada (U.S.) Variable Account I**

Statements of Condition - December 31, 2004

Assets:	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
Investments in mutual funds:			
AIM Variable Insurance Funds, Inc.			
V.I. Capital Appreciation Fund ("AIM1")	43,615	\$ 843,376	\$ 989,628
V.I. Growth Fund ("AIM2") [e]	46,682	597,759	749,252
V.I. Core Equity Fund ("AIM3") [a] [e]	57,429	1,118,304	1,297,897

V.I. International Growth Fund ("AIM4") [a]	105,122	1,526,810	2,078,260
V.I. Premier Equity Fund ("AIM5") [a] [e]	40,811	755,332	869,268
The Alger American Fund			
Growth Portfolio ("AL1")	14,761	537,671	518,405
Income and Growth Portfolio ("AL2")	46,031	448,410	462,612
Small Capitalization Portfolio ("AL3")	6,956	113,536	140,920
Mid Cap Growth Portfolio ("AL4") [d]	2,283	42,727	47,492
Goldman Sachs Variable Insurance Trust			
CORE Small Cap Equity Fund ("GS2")	22,465	282,745	323,491
CORE US Equity Fund ("GS3")	99,140	1,051,945	1,231,322
Growth and Income Fund ("GS4")	33,408	337,533	391,202
International Equity Fund ("GS5")	93,476	814,088	993,653
Mid Cap Value Fund ("GS8") [d]	30,682	463,037	468,818
MFS/Sun Life Series Trust			
Capital Appreciation Series ("CAS") [e]	23,750	397,838	457,191
Massachusetts Investors Trust Series ("CGS")	84,787	2,089,944	2,396,937
Emerging Growth Series ("EGS") [e]	44,575	531,131	697,599
Government Securities Series ("GSS")	196,896	2,623,320	2,591,154
High Yield Series ("HYS")	312,133	2,101,653	2,284,813

Massachusetts Investors Growth Stock Series ("MIS")	125,153	1,008,653	1,178,942
New Discovery Series ("NWD")	80,452	906,090	1,097,366
Total Return Series ("TRS")	219,675	3,725,838	4,294,643
Utilities Series ("UTS")	50,871	576,673	794,093
Value Series ("EIS") [d]	21,133	297,965	327,778
OCC Accumulation Trust			
Equity Portfolio ("OP1")	16,975	597,018	611,083
Mid Cap Portfolio ("OP2")	9,566	130,698	136,692
Small Cap Portfolio ("OP3")	12,263	361,604	443,307
Managed Portfolio ("OP4")	629	25,140	26,881
Sun Capital Advisers Trust			
Sun Capital Money Market Fund ("SCA1")	1,742,920	1,742,920	1,742,920
Sun Capital Investment Grade Bond Fund ("SCA2")	180,273	1,797,327	1,818,953
Sun Capital Real Estate Fund ("SCA3")	140,124	1,963,179	2,663,750
Sun Capital Select Equity Fund ("SCA4") [c]	-	-	-
Sun Capital Blue Chip Mid-Cap Fund ("SCA5")	119,646	1,761,064	2,169,175
Sun Capital Investors Foundation Fund ("SCA6") [c]	-	-	-
Sun Capital Davis Venture Value Fund ("SCA7")	201,336	1,770,835	2,136,180
Sun Capital Davis Financial Fund ("SCA8") [c]	-	-	-

Sun Capital Value Equity Fund ("SCA9") [c]	-	-	-
Sun Capital Value Mid Cap Fund ("SCA ") [c]	-	-	-
Sun Capital Value Small Cap Fund ("SCB")	119,660	1,671,051	1,820,031

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Condition - December 31, 2004 - continued

Assets:	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
Sun Capital Advisers Trust			
Sun Capital Value Managed Fund ("SCC") [c]	-	-	-
Sun Capital Neuberger Berman Mid Cap Value Fund ("SCH") [c]	-	-	-
Sun Capital Neuberger Berman Mid Cap Growth Fund ("SCI") [c]	-	-	-
Sun Capital Alger Growth Fund ("SCJ") [c]	-	-	-
Sun Capital Alger Income and Growth Fund ("SCK") [c]	-	-	-
Sun Capital Alger Small Capitalization Fund ("SCL") [c]	-	-	-
Sun Capital All Cap Fund ("SCM")	7,376	89,684	91,984
AIM Variable Insurance Funds, Inc. [f]			

	V.I. Dynamics Fund ("IV1") [e] [f]	23,635	244,764	315,286
	V.I. Small Company Growth Fund ("IV2") [e] [f]	28,245	341,966	435,261
	AllianceBernstein Variable Product Series Fund, Inc. [b]			
	VP Technology Portfolio ("AN2") [e]	14,186	181,319	213,932
	VP Growth and Income Portfolio ("AN3")	127,453	2,583,226	3,042,299
	Fidelity Variable Insurance Products Fund			
	Fidelity VIP Index 500 Portfolio ("FL4")	70,671	8,180,894	9,710,931
	Fidelity VIP Money Market Portfolio ("FL5")	9,742,658	9,742,658	9,742,658
	Fidelity VIP Contrafund™ Portfolio ("FL6")	102,323	2,185,217	2,714,616
	Fidelity VIP Overseas Portfolio ("FL7")	200,086	2,747,361	3,489,491
	Fidelity VIP Growth Portfolio ("FL8")	34,209	960,876	1,090,578
	Franklin Templeton Variable Insurance Products Trust			
	Franklin Templeton Growth Securities Fund ("FTG")	52,068	571,273	668,036
	Franklin Templeton Foreign Securities Fund ("FTI")	201,709	2,421,835	2,894,518
	PIMCO Variable Insurance Trust			
	PIMCO High Yield Portfolio ("PHY")	120,437	973,416	1,011,668
	PIMCO Emerging Markets Bond Portfolio ("PMB")	85,681	1,109,112	1,131,843
	PIMCO Real Return Portfolio ("PRR")	111,262	1,409,191	1,437,509

	PIMCO Total Return Portfolio ("PTR")	218,984	2,286,461	2,301,522
	PIMCO Low Duration Fund ("PLD") [d]	334,611	3,459,023	3,446,489
	Scudder Variable Insurance Trust Funds			
	Scudder Variable Insurance Trust Small Cap Index Fund ("SSC")	120,003	1,422,856	1,720,842
	Scudder Variable Insurance Trust EAFE Equity Index ("SEE")	33,308	271,166	317,424
	Scudder Variable Series II			
	SVS Dreman Small Cap Value Portfolio ("SCV") [d]	7,830	147,201	157,076
	Delaware Variable Insurance Products Trust			
	VIP Growth Opportunities Series ("DGO") [d]	1,645	23,140	26,254
	Dreyfus Investment Portfolios			
	MidCap Stock Portfolio ("DMC") [d]	127,552	1,963,071	2,247,472
	Lord Abbett Series Fund, Inc.			
	Growth and Income Portfolio ("LA1") [d]	5,409	137,336	147,022
	Mid-Cap Value Portfolio ("LA2") [d]	21,229	405,259	441,349
	Oppenheimer Variable Account Funds			
	Capital Appreciation Fund ("OCF") [d]	5,949	212,980	220,046
	Van Kampen Life Insurance Trust			
	LIT Growth & Income Portfolio ("VGI") [d]	8,327	147,812	160,876

	T. Rowe Price Equity Series, Inc.			
	T.Rowe Price Blue Chip Growth Portfolio ("TBC") [d]	201,395	1,627,633	1,830,682
	Net Assets:		\$80,859,944	\$ 91,259,372

[a] Effective May 1, 2002, the following funds names changed from Aim V.I. Growth and Income, Aim V.I. International Equity and Aim V.I. Value Fund to Aim V.I. Core Equity, Aim V.I. International Growth and Aim V.I. Premier Equity Fund, respectively

[b] Effective May 1, 2003, Alliance Variable Products Series Fund, Inc. is renamed to AllianceBernstein Variable Product Series Fund, Inc.

[c] The Board of Trustees of Sun Capital Advisers Trust voted to terminate and liquidate these funds, effective August 6, 2004. Investments held in these funds on the date of liquidation were transferred to the Fidelity VIP Money Market Portfolio.

[d] The effective date of these investment options in Variable Account I is August 6, 2004.

[e] As of August 6, 2004, AIM V.I. Core Equity Fund, AIM V.I. Growth Fund, AIM V.I. Premier Equity Fund, AllianceBernstein VP Technology Portfolio, INVESCO VIF Dynamics Fund, INVESCO VIF Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging GrowthSeries were no longer open to new premium or transfers.

[f] Effective October 15, 2004, INVESCO Variable Investment Funds, Inc. is renamed AIM Variable Insurance Funds. INVESCO VIF Dynamics Fund is renamed AIM V.I. Dynamics Fund and INVESCO VIF Small Company Growth Fund is renamed AIM V.I. Small Company Growth Fund.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Condition - December 31, 2004 - continued

Net Assets Applicable to Contract Owners:		Units	Value
Futurity Variable Universal Life Contracts:			
AIM Variable Insurance Funds, Inc.			
V.I. Capital Appreciation Fund ("AIM1")		111,629	\$ 979,175
V.I. Growth Fund ("AIM2") [e]		112,323	760,747
V.I. Core Equity Fund ("AIM3") [a] [e]		153,704	1,297,259
V.I. International Growth Fund ("AIM4") [a]		191,021	2,068,325
V.I. Premier Equity Fund ("AIM5") [a] [e]		108,115	869,052

	The Alger American Fund				
	Growth Portfolio ("AL1")			67,519	515,807
	Income and Growth Portfolio ("AL2")			51,380	461,602
	Small Capitalization Portfolio ("AL3")			15,537	140,158
	Mid Cap Growth Portfolio ("AL4") [d]			3,770	47,492
	Goldman Sachs Variable Insurance Trust				
	CORE Small Cap Equity Fund ("GS2")			19,335	324,935
	CORE US Equity Fund ("GS3")			123,496	1,210,680
	Growth and Income Fund ("GS4")			35,174	391,361
	International Equity Fund ("GS5")			107,191	1,002,357
	Mid Cap Value Fund ("GS8") [d]			38,922	468,562
	MFS/Sun Life Series Trust				
	Capital Appreciation Series ("CAS") [e]			58,760	456,379
	Massachusetts Investors Trust Series ("CGS")			255,401	2,402,768
	Emerging Growth Series ("EGS") [e]			91,072	695,166
	Government Securities Series ("GSS")			207,719	2,578,231
	High Yield Series ("HYS")			172,603	2,274,083
	Massachusetts Investors Growth Stock Series ("MIS")			147,809	1,179,938

	New Discovery Series ("NWD")		114,708	1,085,097
	Total Return Series ("TRS")		338,880	4,287,717
	Utilities Series ("UTS")		70,699	808,395
	Value Series ("EIS") [d]		28,237	327,493
	OCC Accumulation Trust			
	Equity Portfolio ("OP1")		51,267	610,685
	Mid Cap Portfolio ("OP2")		6,314	139,580
	Small Cap Portfolio ("OP3")		22,473	440,215
	Managed Portfolio ("OP4")		2,258	25,755
	Sun Capital Advisers Trust			
	Sun Capital Money Market Fund ("SCA1")		158,525	1,743,749
	Sun Capital Investment Grade Bond Fund ("SCA2")		135,296	1,768,092
	Sun Capital Real Estate Fund ("SCA3")		122,604	2,650,303
	Sun Capital Select Equity Fund ("SCA4") [c]		-	-
	Sun Capital Blue Chip Mid-Cap Fund ("SCA5")		153,718	2,164,285
	Sun Capital Investors Foundation Fund ("SCA6") [c]		-	-
	Sun Capital Davis Venture Value Fund ("SCA7")		193,725	2,137,277
	Sun Capital Davis Financial Fund ("SCA8") [c]		-	-

		Sun Capital Value Equity Fund ("SCA9") [c]			-	-
		Sun Capital Value Mid Cap Fund ("SCA ") [c]			-	-
		Sun Capital Value Small Cap Fund ("SCB")			136,275	1,811,446

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Condition - December 31, 2004 - continued

Net Assets Applicable to Contract Owners:			Units	Value
		Sun Capital Advisers Trust		
		Sun Capital Value Managed Fund ("SCC") [c]	-	-
		Sun Capital Neuberger Berman Mid Cap Value Fund ("SCH") [c]	-	-
		Sun Capital Neuberger Berman Mid Cap Growth Fund ("SCI") [c]	-	-
		Sun Capital Alger Growth Fund ("SCJ") [c]	-	-
		Sun Capital Alger Income and Growth Fund ("SCK") [c]	-	-
		Sun Capital Alger Small Capitalization Fund ("SCL") [c]	-	-
		Sun Capital All Cap Fund ("SCM")	6,521	90,356
		AIM Variable Insurance Funds, Inc. [f]		

	V.I. Dynamics Fund ("IV1") [e] [f]		38,477	315,286
	V.I. Small Company Growth Fund ("IV2") [e] [f]		50,367	435,311
	AllianceBernstein Variable Product Series Fund, Inc. [b]			
	VP Technology Portfolio ("AN2") [e]		31,810	213,926
	VP Growth and Income Portfolio ("AN3")		294,980	3,041,247
	Fidelity Variable Insurance Products Fund			
	Fidelity VIP Index 500 Portfolio ("FL4")		1,007,408	9,765,021
	Fidelity VIP Money Market Portfolio ("FL5")		918,254	9,703,636
	Fidelity VIP Contrafund TM Portfolio ("FL6")		219,538	2,736,419
	Fidelity VIP Overseas Portfolio ("FL7")		331,343	3,473,292
	Fidelity VIP Growth Portfolio ("FL8")		135,289	1,090,579
	Franklin Templeton Variable Insurance Products Trust			
	Franklin Templeton Growth Securities Fund ("FTG")		40,990	668,030
	Franklin Templeton Foreign Securities Fund ("FTI")		176,214	2,896,736
	PIMCO Variable Insurance Trust			
	PIMCO High Yield Portfolio ("PHY")		69,113	1,011,927
	PIMCO Emerging Markets Bond Portfolio ("PMB")		65,676	1,131,673
	PIMCO Real Return Portfolio ("PRR")		119,846	1,437,641

	PIMCO Total Return Portfolio ("PTR")		202,924	2,292,255
	PIMCO Low Duration Fund ("PLD") [d]		345,073	3,468,358
	Scudder Variable Insurance Trust Funds			
	Scudder Variable Insurance Trust Small Cap Index Fund ("SSC")		94,502	1,720,509
	Scudder Variable Insurance Trust EAFE Equity Index ("SEE")		19,301	317,006
	Scudder Variable Series II			
	SVS Dreman Small Cap Value Portfolio ("SCV") [d]		12,881	157,077
	Delaware Variable Insurance Products Trust			
	VIP Growth Opportunities Series ("DGO") [d]		2,104	26,255
	Dreyfus Investment Portfolios			
	MidCap Stock Portfolio ("DMC") [d]		186,541	2,254,469
	Lord Abbett Series Fund, Inc.			
	Growth and Income Portfolio ("LA1") [d]		12,583	147,022
	Mid-Cap Value Portfolio ("LA2") [d]		36,437	441,350
	Oppenheimer Variable Account Funds			
	Capital Appreciation Fund ("OCF") [d]		19,488	220,045
	Van Kampen Life Insurance Trust			
	LIT Growth & Income Portfolio ("VGI") [d]		13,856	160,875

T. Rowe Price Equity Series, Inc.				
T.Rowe Price Blue Chip Growth Portfolio ("TBC") [d]		157,775		1,830,113
Net Assets Applicable to Contract Owners				\$ 91,170,580
Net Assets Applicable to Sponsor				\$ 88,792
Total Net Assets				\$ 91,259,372

[a] Effective May 1, 2002, the following funds names changed from Aim V.I. Growth and Income, Aim V.I. International Equity and Aim V.I. Value Fund to Aim V.I. Core Equity, Aim V.I. International Growth and Aim V.I. Premier Equity Fund, respectively

[b] Effective May 1, 2003, Alliance Variable Products Series Fund, Inc. is renamed to AllianceBernstein Variable Product Series Fund, Inc.

[c] The Board of Trustees of Sun Capital Advisers Trust voted to terminate and liquidate these funds, effective August 6, 2004. Investments held in these funds on the date of liquidation were transferred to the Fidelity VIP Money Market Portfolio.

[d] The effective date of these investment options in Variable Account I is August 6, 2004.

[e] As of August 6, 2004, AIM V.I. Core Equity Fund, AIM V.I. Growth Fund, AIM V.I. Premier Equity Fund, AllianceBernstein VP Technology Portfolio, INVESCO VIF Dynamics Fund, INVESCO VIF Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging GrowthSeries were no longer open to new premium or transfers.

[f] Effective October 15, 2004, INVESCO Variable Investment Funds, Inc. is renamed AIM Variable Insurance Funds. INVESCO VIF Dynamics Fund is renamed AIM V.I. Dynamics Fund and INVESCO VIF Small Company Growth Fund is renamed AIM V.I. Small Company Growth Fund.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004

	AIM1	AIM2 [e]	AIM3 [e]
	Sub-Account	Sub-Account	Sub-Account
Income:			
Dividend income	\$ -	\$ -	\$ 12,345
Realized and unrealized gains (losses) on investment transactions:			
Realized gains (losses) on sale of fund shares	\$ (7,537)	\$ 12,305	\$ (17,738)
Realized gain distributions	-	-	-

	Net realized gains (losses)	\$ (7,537)	\$ 12,305	\$ (17,738)
	Change in unrealized appreciation (depreciation) during year	68,354	52,633	110,940
	Increase (Decrease) in Net Assets from Operations	\$ 60,817	\$ 64,938	\$ 105,547
		AIM4	AIM5 [e]	AL1
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 11,896	\$ 3,942	\$ -
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 176,639	\$ (27,559)	\$ (52,953)
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ 176,639	\$ (27,559)	\$ (52,953)
	Change in unrealized appreciation (depreciation) during year	215,982	61,777	74,335
	Increase (Decrease) in Net Assets from Operations	\$ 404,517	\$ 38,160	\$ 21,382
		AL2	AL3	AL4 [d]
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 2,972	\$ -	\$ -
	Realized and unrealized gains (losses) on investment transactions:			

	Realized gains (losses) on sale of fund shares	\$ (22,757)	\$ 3,468	\$ 139
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ (22,757)	\$ 3,468	\$ 139
	Change in unrealized appreciation (depreciation) during year	47,859	17,088	4,765
	Increase (Decrease) in Net Assets from Operations	\$ 28,074	\$ 20,556	\$ 4,904
		GS2	GS3	GS4
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 557	\$ 12,505	\$ 4,992
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 9,246	\$ 19,919	\$ 7,373
	Realized gain distributions	14,282	-	-
	Net realized gains (losses)	\$ 23,528	\$ 19,919	\$ 7,373
	Change in unrealized appreciation (depreciation) during year	19,797	122,646	32,342
	Increase (Decrease) in Net Assets from Operations	\$ 43,882	\$ 155,070	\$ 44,707

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004 - continued

		GS5		GS8 [d]		CAS [e]
		Sub-Account		Sub-Account		Sub-Account
	Income:					
	Dividend income	\$ 10,239		\$ 2,423		\$ 282
	Realized and unrealized gains (losses) on investment transactions:					
	Realized gains (losses) on sale of fund shares	11,076		406		(15,376)
	Realized gain distributions	-		38,904		-
	Net realized gains (losses)	\$ 11,076		\$ 39,310		\$ (15,376)
	Change in unrealized appreciation (depreciation) during year	124,213		5,781		60,681
	Increase (Decrease) in Net Assets from Operations	\$ 145,528		\$ 47,514		\$ 45,587
		CGS		EGS [e]		GSS
		Sub-Account		Sub-Account		Sub-Account
	Income:					
	Dividend income	\$ 18,279		\$ -		\$ 130,510
	Realized and unrealized gains (losses) on investment transactions:					
	Realized gains (losses) on sale of fund shares	(13,008)		(24,508)		2,139
	Realized gain distributions	-		-		-
	Net realized gains (losses)	\$ (13,008)		\$ (24,508)		\$ 2,139
	Change in unrealized appreciation (depreciation) during year	266,193		100,025		(30,903)

	Increase (Decrease) in Net Assets from Operations	\$ 271,464	\$ 75,517	\$ 101,746
		HYS	MIS	NWD
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 193,297	\$ 693	\$ -
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	35,808	(19,343)	(6,216)
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ 35,808	\$ (19,343)	\$ (6,216)
	Change in unrealized appreciation (depreciation) during year	(17,402)	113,596	73,084
	Increase (Decrease) in Net Assets from Operations	\$ 211,703	\$ 94,946	\$ 66,868
		TRS	UTS	EIS [d]
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 105,395	\$ 11,892	\$ -
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	55,924	17,399	1,607
	Realized gain distributions	-	-	-

	Net realized gains (losses)	\$ 55,924	\$ 17,399	\$ 1,607
	Change in unrealized appreciation (depreciation) during year	310,029	132,091	29,813
	Increase (Decrease) in Net Assets from Operations	\$ 471,348	\$ 161,382	\$ 31,420

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004 - continued

		OP1	OP2	OP3
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 6,761	\$ 147	\$ 225
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	9,279	\$ 11,716	\$ 14,527
	Realized gain distributions	-	23,391	-
	Net realized gains (losses)	\$ 9,279	\$ 35,107	\$ 14,527
	Change in unrealized appreciation (depreciation) during year	54,866	(8,003)	60,857
	Increase (Decrease) in Net Assets from Operations	\$ 70,906	\$ 27,251	\$ 75,609
		OP4	SCA1	SCA2

		Sub-Account		Sub-Account		Sub-Account
Income:						
	Dividend income	\$ 601		\$ 12,100		\$ 130,250
Realized and unrealized gains (losses) on investment transactions:						
	Realized gains (losses) on sale of fund shares	(661)		\$ -		\$ 107,014
	Realized gain distributions	-		-		24,106
	Net realized gains (losses)	\$ (661)		\$ -		\$ 131,120
	Change in unrealized appreciation (depreciation) during year	3,640		-		(92,667)
Increase (Decrease) in Net Assets from Operations		\$ 3,580		\$ 12,100		\$ 168,703
		SCA3		SCA4 [f]		SCA5
		Sub-Account		Sub-Account		Sub-Account
Income:						
	Dividend income	\$ 32,992		\$ -		\$ -
Realized and unrealized gains (losses) on investment transactions:						
	Realized gains (losses) on sale of fund shares	\$ 115,443		\$ 65,149		\$ 324,285
	Realized gain distributions	75,465		-		-
	Net realized gains (losses)	\$ 190,908		\$ 65,149		\$ 324,285
	Change in unrealized appreciation (depreciation) during year	420,845		(81,196)		(122,706)

Increase (Decrease) in Net Assets from Operations	\$ 644,745	\$ (16,047)	\$ 201,579
	SCA6 [f]	SCA7	SCA8 [f]
	Sub-Account	Sub-Account	Sub-Account
Income:			
Dividend income	\$ -	\$ 10,456	\$ 1,095
Realized and unrealized gains (losses) on investment transactions:			
Realized gains (losses) on sale of fund shares	\$ 33,304	\$ 22,326	\$ 18,841
Realized gain distributions	-	-	-
Net realized gains (losses)	\$ 33,304	\$ 22,326	\$ 18,841
Change in unrealized appreciation (depreciation) during year	(36,199)	165,214	(24,090)
Increase (Decrease) in Net Assets from Operations	\$ (2,895)	\$ 197,996	\$ (4,154)

[f] Effective August 6, 2004, this fund was terminated and liquidated.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004 - continued

	SC9 [f]	SCA [f]	SCB
	Sub-Account	Sub-Account	Sub-Account
Income:			
Dividend income	\$ -	\$ -	\$ -

Realized and unrealized gains (losses) on investment transactions:				
	Realized gains (losses) on sale of fund shares	\$ 259,996	\$ 114,380	\$ 216,206
	Realized gain distributions	-	18,316	248,936
	Net realized gains (losses)	\$ 259,996	\$ 132,696	\$ 465,142
	Change in unrealized appreciation (depreciation) during year	(240,848)	(118,862)	(270,267)
Increase (Decrease) in Net Assets from Operations		\$ 19,148	\$ 13,834	\$ 194,875
		SCC [f]	SCH [f]	SCI [f]
		Sub-Account	Sub-Account	Sub-Account
Income:				
	Dividend income	\$ 13	\$ 128	\$ -
Realized and unrealized gains (losses) on investment transactions:				
	Realized gains (losses) on sale of fund shares	\$ 25,922	\$ 113,902	\$ 57,943
	Realized gain distributions	-	12,946	-
	Net realized gains (losses)	\$ 25,922	\$ 126,848	\$ 57,943
	Change in unrealized appreciation (depreciation) during year	(23,970)	(98,940)	(61,503)
Increase (Decrease) in Net Assets from Operations		\$ 1,965	\$ 28,036	\$ (3,560)
		SCJ [f]	SCK [f]	SCL [f]
		Sub-Account	Sub-Account	Sub-Account

Income:				
	Dividend income	\$ -	\$ -	\$ -
Realized and unrealized gains (losses) on investment transactions:				
	Realized gains (losses) on sale of fund shares	\$ 130,579	\$ 104,608	\$ 39,814
	Realized gain distributions	-	-	12,259
	Net realized gains (losses)	\$ 130,579	\$ 104,608	\$ 52,073
	Change in unrealized appreciation (depreciation) during year	(256,745)	(117,293)	(67,243)
Increase (Decrease) in Net Assets from Operations		\$ (126,166)	\$ (12,685)	\$ (15,170)
		SCM	IV1 [e]	IV2 [e]
		Sub-Account	Sub-Account	Sub-Account
Income:				
	Dividend income	\$ 381	\$ -	\$ -
Realized and unrealized gains (losses) on investment transactions:				
	Realized gains (losses) on sale of fund shares	\$ 48,064	\$ 16,709	\$ 24,921
	Realized gain distributions	17,934	-	-
	Net realized gains (losses)	\$ 65,998	\$ 16,709	\$ 24,921
	Change in unrealized appreciation (depreciation) during year	(78,043)	17,821	20,786
Increase (Decrease) in Net Assets from Operations		\$ (11,664)	\$ 34,530	\$ 45,707

[f] Effective August 6, 2004, this fund was terminated and liquidated.

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004 - continued

	AN2 [e]	AN3	FL4
	Sub-Account	Sub-Account	Sub-Account
Income:			
Dividend income	\$ -	\$ 11,921	\$ 76,015
Realized and unrealized gains (losses) on investment transactions:			
Realized gains (losses) on sale of fund shares	\$ 18,502	\$ 5,763	\$ 7,936
Realized gain distributions	-	-	-
Net realized gains (losses)	\$ 18,502	\$ 5,763	\$ 7,936
Change in unrealized appreciation (depreciation) during year	(14,204)	274,089	858,072
Increase (Decrease) in Net Assets from Operations	\$ 4,298	\$ 291,773	\$ 942,023
	FL5	FL6	FL7
	Sub-Account	Sub-Account	Sub-Account
Income:			
Dividend income	\$ 96,486	\$ 4,949	\$ 17,955
Realized and unrealized gains (losses) on investment transactions:			

	Realized gains (losses) on sale of fund shares	\$ 3	\$ 123,599	\$ 151,339
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ 3	\$ 123,599	\$ 151,339
	Change in unrealized appreciation (depreciation) during year	-	232,317	312,524
	Increase (Decrease) in Net Assets from Operations	\$ 96,489	\$ 360,865	\$ 481,818
		FL8	FTG	FTI
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 1,104	\$ 5,511	\$ 21,258
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ (7,637)	\$ 11,188	\$ 127,101
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ (7,637)	\$ 11,188	\$ 127,101
	Change in unrealized appreciation (depreciation) during year	35,004	56,677	246,295
	Increase (Decrease) in Net Assets from Operations	\$ 28,471	\$ 73,376	\$ 394,654
		PHY	PMB	PRR
		Sub-Account	Sub-Account	Sub-Account
	Income:			

	Dividend income	\$ 46,638	\$ 18,675	\$ 11,567
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 7,773	\$ (542)	\$ 17,695
	Realized gain distributions	-	60,732	42,165
	Net realized gains (losses)	\$ 7,773	\$ 60,190	\$ 59,860
	Change in unrealized appreciation (depreciation) during year	19,280	25,525	24,632
	Increase (Decrease) in Net Assets from Operations	\$ 73,691	\$ 104,390	\$ 96,059

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statements of Operations - For the Year Ended December 31, 2004 - continued

		PTR	PLD [d]	SSC
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 37,484	\$ 19,262	\$ 1,289
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 9,026	\$ 20	\$ 64,377
	Realized gain distributions	33,006	10,229	-
	Net realized gains (losses)	\$ 42,032	\$ 10,249	\$ 64,377

	Change in unrealized appreciation (depreciation) during year	17,539	(12,534)	208,163
	Increase (Decrease) in Net Assets from Operations	\$ 97,055	\$ 16,977	\$ 273,829
		SEE	SCV [d]	DGO [d]
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 5,755	\$ -	\$ -
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 6,668	\$ 467	\$ 96
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ 6,668	\$ 467	\$ 96
	Change in unrealized appreciation (depreciation) during year	32,203	9,875	3,114
	Increase (Decrease) in Net Assets from Operations	\$ 44,626	\$ 10,342	\$ 3,210
		DMC [d]	LA1 [d]	LA2 [d]
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ 7,873	\$ 1,062	\$ 1,138
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 13,721	\$ 1,757	\$ 1,456

	Realized gain distributions	51,542	1,080	5,797
	Net realized gains (losses)	\$ 65,263	\$ 2,837	\$ 7,253
	Change in unrealized appreciation (depreciation) during year	284,401	9,686	36,090
	Increase (Decrease) in Net Assets from Operations	\$ 357,537	\$ 13,585	\$ 44,481
		OCF [d]	VGI [d]	TBC [d]
		Sub-Account	Sub-Account	Sub-Account
	Income:			
	Dividend income	\$ -	\$ -	\$ 9,971
	Realized and unrealized gains (losses) on investment transactions:			
	Realized gains (losses) on sale of fund shares	\$ 1,408	\$ 222	\$ 4,163
	Realized gain distributions	-	-	-
	Net realized gains (losses)	\$ 1,408	\$ 222	\$ 4,163
	Change in unrealized appreciation (depreciation) during year	7,066	13,064	203,049
	Increase (Decrease) in Net Assets from Operations	\$ 8,474	\$ 13,286	\$ 217,183

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets

				AIM1		AIM2
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			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004	2003	2004 [e]	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ -	\$ -	\$ -
	Net realized gains (losses)		(7,537)	(57,202)	12,305	(53,131)
	Net unrealized gains (losses)		<u>68,354</u>	<u>245,345</u>	<u>52,633</u>	<u>290,617</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 60,817</u>	<u>\$ 188,143</u>	<u>\$ 64,938</u>	<u>\$ 237,486</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 180,617	\$ 162,155	\$ 89,312	\$ 159,615
	Net transfers between sub-accounts and fixed accounts		41,465	24,528	(172,946)	34,932
	Withdrawals and surrenders		(4,987)	(34,698)	(47,273)	(142,427)
	Mortality and expense risk charges		(4,849)	(3,946)	(5,736)	(5,250)
	Charges for life insurance protection and monthly expense charge		<u>(113,033)</u>	<u>(100,908)</u>	<u>(100,555)</u>	<u>(138,091)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 99,213</u>	<u>\$ 47,131</u>	<u>\$ (237,198)</u>	<u>\$ (91,221)</u>
	Total increase (decrease) in net assets		\$ 160,030	\$ 235,274	\$ (172,260)	\$ 146,265
Net Assets						
	Beginning of period		<u>829,598</u>	<u>594,324</u>	<u>921,512</u>	<u>775,247</u>
	End of period		<u>\$ 989,628</u>	<u>\$ 829,598</u>	<u>\$ 749,252</u>	<u>\$ 921,512</u>

Unit Transactions:							
	Units Outstanding Beginning of Period		99,063	91,280		150,908	166,107
	Units purchased		24,837	23,416		15,176	30,688
	Units transferred between sub-accounts		5,702	3,547		(29,386)	4,812
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(17,973)</u>	<u>(19,180)</u>		<u>(24,375)</u>	<u>(50,699)</u>
	Units Outstanding End of Period		<u>111,629</u>	<u>99,063</u>		<u>112,323</u>	<u>150,908</u>
			AIM3			AIM4	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004 [e]	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 12,345	\$ 12,508		\$ 11,896	\$ 9,403
	Net realized gains (losses)		(17,738)	(49,945)		176,639	(149,671)
	Net unrealized gains (losses)		<u>110,940</u>	<u>296,663</u>		<u>215,982</u>	<u>583,995</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 105,547</u>	<u>\$ 259,226</u>		<u>\$ 404,517</u>	<u>\$ 443,727</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 107,319	\$ 174,644		\$ 323,757	\$ 355,783
	Net transfers between sub-accounts and fixed accounts		(147,840)	62,928		(438,181)	91,005
	Withdrawals and surrenders		(150)	(49,456)		(9,068)	(207,618)

		Mortality and expense risk charges		(7,518)	(6,428)		(11,036)	(9,578)
		Charges for life insurance protection and monthly expense charge		(96,715)	(104,074)		(163,998)	(175,430)
		Net increase (decrease) in net assets from contract owner activity		\$ (144,904)	\$ 77,614		\$ (298,526)	\$ 54,162
		Total increase (decrease) in net assets		\$ (39,357)	\$ 336,840		\$ 105,991	\$ 497,889
Net Assets								
		Beginning of period		1,337,254	1,000,414		1,972,269	1,474,380
		End of period		\$ 1,297,897	\$ 1,337,254		\$ 2,078,260	\$ 1,972,269
Unit Transactions:								
		Units Outstanding Beginning of Period		170,920	159,842		226,906	218,318
		Units purchased		12,754	24,758		37,953	47,851
		Units transferred between sub-accounts		(17,570)	8,767		(51,367)	13,616
		Units withdrawn, surrendered, and cancelled for contract charges		(12,400)	(22,447)		(22,471)	(52,879)
		Units Outstanding End of Period		153,704	170,920		191,021	226,906

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

				AIM5		AL1	
				Sub-Account		Sub-Account	
				Year Ended	Year Ended	Year Ended	Year Ended

			December 31,	December 31,	December 31,	December 31,
			2004 [e]	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 3,942	\$ 2,457	\$ -	\$ -
	Net realized gains (losses)		(27,559)	(52,295)	(52,953)	(97,513)
	Net unrealized gains (losses)		<u>61,777</u>	<u>216,447</u>	<u>74,335</u>	<u>263,969</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 38,160</u>	<u>\$ 166,609</u>	<u>\$ 21,382</u>	<u>\$ 166,456</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 57,014	\$ 143,931	\$ 63	\$ 2,625
	Net transfers between sub-accounts and fixed accounts		(3,360)	47,931	(74,688)	(91,782)
	Withdrawals and surrenders		(3,953)	(54,706)	(3,437)	(10,611)
	Mortality and expense risk charges		(5,612)	(4,531)	(3,359)	(3,227)
	Charges for life insurance protection and monthly expense charge		<u>(81,423)</u>	<u>(79,112)</u>	<u>(28,323)</u>	<u>(37,261)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (37,334)</u>	<u>\$ 53,513</u>	<u>\$ (109,744)</u>	<u>\$ (140,256)</u>
	Total increase (decrease) in net assets		\$ 826	\$ 220,122	\$ (88,362)	\$ 26,200
Net Assets						
	Beginning of period		<u>868,442</u>	<u>648,320</u>	<u>606,767</u>	<u>580,567</u>
	End of period		<u>\$ 869,268</u>	<u>\$ 868,442</u>	<u>\$ 518,405</u>	<u>\$ 606,767</u>
Unit Transactions:						
	Units Outstanding Beginning of Period		114,028	106,705	82,632	105,755

	Units purchased		8,989	20,861		8	-
	Units transferred between sub-accounts		(530)	7,106		(10,104)	(15,547)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(14,372)</u>	<u>(20,644)</u>		<u>(5,017)</u>	<u>(7,576)</u>
	Units Outstanding End of Period		<u>108,115</u>	<u>114,028</u>		<u>67,519</u>	<u>82,632</u>
			AL2			AL3	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 2,972	\$ 1,851		\$ -	\$ -
	Net realized gains (losses)		(22,757)	(41,416)		3,468	(6,070)
	Net unrealized gains (losses)		<u>47,859</u>	<u>187,690</u>		<u>17,088</u>	<u>52,425</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 28,074</u>	<u>\$ 148,125</u>		<u>\$ 20,556</u>	<u>\$ 46,355</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ (4)	\$ 510		\$ 2	\$ 222
	Net transfers between sub-accounts and fixed accounts		(108,267)	(25,983)		(3,409)	(16,088)
	Withdrawals and surrenders		(2,380)	(18,169)		(410)	(4,710)
	Mortality and expense risk charges		(3,611)	(3,759)		(809)	(792)
	Charges for life insurance protection and monthly expense charge		<u>(49,218)</u>	<u>(60,312)</u>		<u>(11,085)</u>	<u>(11,996)</u>

	Net increase (decrease) in net assets from contract owner activity		\$ (163,480)	\$ (107,713)		\$ (15,711)	\$ (33,364)
	Total increase (decrease) in net assets		\$ (135,406)	\$ 40,412		\$ 4,845	\$ 12,991
Net Assets							
	Beginning of period		<u>598,018</u>	<u>557,606</u>		<u>136,075</u>	<u>123,084</u>
	End of period		<u>\$ 462,612</u>	<u>\$ 598,018</u>		<u>\$ 140,920</u>	<u>\$ 136,075</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		72,533	87,095		17,371	22,527
	Units purchased		-	-		-	-
	Units transferred between sub-accounts		(13,985)	(3,203)		(393)	(2,511)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(7,168)</u>	<u>(11,359)</u>		<u>(1,441)</u>	<u>(2,645)</u>
	Units Outstanding End of Period		<u>51,380</u>	<u>72,533</u>		<u>15,537</u>	<u>17,371</u>

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			AL4			GS2	
			Sub-Account			Sub-Account	
			Year Ended			Year Ended	Year Ended
			December 31,			December 31,	December 31,
			2004 [d]			2004	2003

Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -		\$ 557	\$ 207
	Net realized gains (losses)		139		23,528	2,787
	Net unrealized gains (losses)		<u>4,765</u>		<u>19,797</u>	<u>28,043</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 4,904</u>		<u>\$ 43,882</u>	<u>\$ 31,037</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 783		\$ 27,291	\$ 22,373
	Net transfers between sub-accounts and fixed accounts		42,963		160,058	3,578
	Withdrawals and surrenders		-		(847)	(3,579)
	Mortality and expense risk charges		(48)		(609)	(453)
	Charges for life insurance protection and monthly expense charge		<u>(1,110)</u>		<u>(12,536)</u>	<u>(12,258)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 42,588</u>		<u>\$ 173,357</u>	<u>\$ 9,661</u>
	Total increase (decrease) in net assets		\$ 47,492		\$ 217,239	\$ 40,698
Net Assets						
	Beginning of period		-		<u>106,252</u>	<u>65,554</u>
	End of period		<u>\$ 47,492</u>		<u>\$ 323,491</u>	<u>\$ 106,252</u>
Unit Transactions:						
	Units Outstanding Beginning of Period		-		7,278	6,414
	Units purchased		69		1,870	1,979
	Units transferred between sub-accounts		3,803		10,965	269

	Units withdrawn, surrendered, and cancelled for contract charges		(102)			(778)	(1,384)
	Units Outstanding End of Period		3,770			19,335	7,278
			GS3			GS4	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 12,505	\$ 2,568		\$ 4,992	\$ 1,829
	Net realized gains (losses)		19,919	(6,842)		7,373	(4,123)
	Net unrealized gains (losses)		<u>122,646</u>	<u>82,452</u>		<u>32,342</u>	<u>31,164</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 155,070</u>	<u>\$ 78,178</u>		<u>\$ 44,707</u>	<u>\$ 28,870</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 115,488	\$ 101,184		\$ 64,260	\$ 64,142
	Net transfers between sub-accounts and fixed accounts		619,282	42,189		149,427	10,711
	Withdrawals and surrenders		(6,909)	-		(3,075)	(10,192)
	Mortality and expense risk charges		(2,691)	(1,633)		(936)	(705)
	Charges for life insurance protection and monthly expense charge		<u>(52,539)</u>	<u>(29,591)</u>		<u>(27,860)</u>	<u>(25,077)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 672,631</u>	<u>\$ 112,149</u>		<u>\$ 181,816</u>	<u>\$ 38,879</u>
	Total increase (decrease) in net assets		\$ 827,701	\$ 190,327		\$ 226,523	\$ 67,749

Net Assets							
	Beginning of period		<u>403,621</u>	<u>213,294</u>		<u>164,679</u>	<u>96,930</u>
	End of period		<u>\$ 1,231,322</u>	<u>\$ 403,621</u>		<u>\$ 391,202</u>	<u>\$ 164,679</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		46,161	31,668		17,603	12,714
	Units purchased		13,636	13,026		6,170	8,089
	Units transferred between sub-accounts		73,118	5,532		14,348	1,264
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(9,419)</u>	<u>(4,065)</u>		<u>(2,947)</u>	<u>(4,464)</u>
	Units Outstanding End of Period		<u>123,496</u>	<u>46,161</u>		<u>35,174</u>	<u>17,603</u>

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

				GS5			GS8	
				Sub-Account			Sub-Account	
				Year Ended	Year Ended		Year Ended	
				December 31,	December 31,		December 31,	
				2004	2003		2004 [d]	
Increase (Decrease) in net assets from operations:								
	Net investment income (loss)			\$ 10,239	\$ 18,647		\$ 2,423	
	Net realized gains (losses)			11,076	(20,765)		39,310	

	Net unrealized gains (losses)		<u>124,213</u>	<u>141,830</u>	<u>5,781</u>	
	Net Increase (Decrease) in net assets from operations		<u>\$ 145,528</u>	<u>\$ 139,712</u>	<u>\$ 47,514</u>	
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 133,091	\$ 110,302	\$ 16,165	
	Net transfers between sub-accounts and fixed accounts		248,843	18,800	414,646	
	Withdrawals and surrenders		(7,863)	(3,261)	-	
	Mortality and expense risk charges		(2,697)	(2,126)	(327)	
	Charges for life insurance protection and monthly expense charge		<u>(68,916)</u>	<u>(56,174)</u>	<u>(9,180)</u>	
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 302,458</u>	<u>\$ 67,541</u>	<u>\$ 421,304</u>	
	Total increase (decrease) in net assets		\$ 447,986	\$ 207,253	\$ 468,818	
Net Assets						
	Beginning of period		<u>545,667</u>	<u>338,414</u>	=	
	End of period		<u>\$ 993,653</u>	<u>\$ 545,667</u>	<u>\$ 468,818</u>	
Unit Transactions:						
	Units Outstanding Beginning of Period		64,158	53,887	-	
	Units purchased		18,444	16,182	1,494	
	Units transferred between sub-accounts		34,487	2,503	38,329	
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(9,898)</u>	<u>(8,414)</u>	<u>(901)</u>	
	Units Outstanding End of Period		<u>107,191</u>	<u>64,158</u>	<u>38,922</u>	
			CAS		CGS	

			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004 [e]	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 282	\$ -		\$ 18,279	\$ 15,192
	Net realized gains (losses)		(15,376)	(104,316)		(13,008)	(23,022)
	Net unrealized gains (losses)		<u>60,681</u>	<u>192,039</u>		<u>266,193</u>	<u>312,525</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 45,587</u>	<u>\$ 87,723</u>		<u>\$ 271,464</u>	<u>\$ 304,695</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 35,251	\$ 60,698		\$ 236,375	\$ 211,114
	Net transfers between sub-accounts and fixed accounts		(10,531)	14,885		317,935	139,413
	Withdrawals and surrenders		(2,326)	(9,484)		(9,451)	(6,791)
	Mortality and expense risk charges		(2,668)	(2,087)		(10,396)	(8,138)
	Charges for life insurance protection and monthly expense charge		<u>(40,938)</u>	<u>(39,147)</u>		<u>(127,919)</u>	<u>(105,992)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (21,212)</u>	<u>\$ 24,865</u>		<u>\$ 406,544</u>	<u>\$ 229,606</u>
	Total increase (decrease) in net assets		\$ 24,375	\$ 112,588		\$ 678,008	\$ 534,301
Net Assets							
	Beginning of period		<u>432,816</u>	<u>320,228</u>		<u>1,718,929</u>	<u>1,184,628</u>
	End of period		<u>\$ 457,191</u>	<u>\$ 432,816</u>		<u>\$ 2,396,937</u>	<u>\$ 1,718,929</u>

Unit Transactions:							
	Units Outstanding Beginning of Period		61,954	58,126		202,404	171,309
	Units purchased		5,238	10,319		30,395	28,782
	Units transferred between sub-accounts		(1,565)	1,514		40,884	18,605
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(6,867)</u>	<u>(8,005)</u>		<u>(18,282)</u>	<u>(16,292)</u>
	Units Outstanding End of Period		<u>58,760</u>	<u>61,954</u>		<u>255,401</u>	<u>202,404</u>

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			EGS		GSS	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004 [e]	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ -	\$ 130,510	\$ 103,023
	Net realized gains (losses)		(24,508)	(156,335)	2,139	25,525
	Net unrealized gains (losses)		<u>100,025</u>	<u>382,388</u>	<u>(30,903)</u>	<u>(76,228)</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 75,517</u>	<u>\$ 226,053</u>	<u>\$ 101,746</u>	<u>\$ 52,320</u>
Contract Owner Transactions:						

	Accumulation Activity:						
	Purchase payments received		\$ 90,319	\$ 155,110		\$ 361,548	\$ 489,678
	Net transfers between sub-accounts and fixed accounts		(243,952)	(48,667)		(225,622)	135,060
	Withdrawals and surrenders		(26,257)	(69,219)		(17,927)	(37,130)
	Mortality and expense risk charges		(4,779)	(4,829)		(16,454)	(14,373)
	Charges for life insurance protection and monthly expense charge		(78,191)	(97,531)		(217,959)	(249,449)
	Net increase (decrease) in net assets from contract owner activity		\$ (262,860)	\$ (65,136)		\$ (116,414)	\$ 323,786
	Total increase (decrease) in net assets		\$ (187,343)	\$ 160,917		\$ (14,668)	\$ 376,106
Net Assets							
	Beginning of period		884,942	724,025		2,605,822	2,229,716
	End of period		\$ 697,599	\$ 884,942		\$ 2,591,154	\$ 2,605,822
Unit Transactions:							
	Units Outstanding Beginning of Period		131,684	141,341		216,241	188,842
	Units purchased		13,879	26,788		23,221	40,623
	Units transferred between sub-accounts		(37,487)	(7,571)		(14,491)	11,348
	Units withdrawn, surrendered, and cancelled for contract charges		(17,004)	(28,874)		(17,252)	(24,572)
	Units Outstanding End of Period		91,072	131,684		207,719	216,241
			HYS			MIS	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,

			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 193,297	\$ 173,049		\$ 693	\$ -
	Net realized gains (losses)		35,808	(10,037)		(19,343)	(43,909)
	Net unrealized gains (losses)		<u>(17,402)</u>	<u>245,860</u>		<u>113,596</u>	<u>186,441</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 211,703</u>	<u>\$ 408,872</u>		<u>\$ 94,946</u>	<u>\$ 142,532</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 391,739	\$ 326,944		\$ 246,261	\$ 230,734
	Net transfers between sub-accounts and fixed accounts		(505,068)	250,720		45,897	201,497
	Withdrawals and surrenders		(20,514)	(83,668)		(13,944)	(34,106)
	Mortality and expense risk charges		(13,336)	(11,615)		(5,932)	(4,073)
	Charges for life insurance protection and monthly expense charge		<u>(192,244)</u>	<u>(190,515)</u>		<u>(104,987)</u>	<u>(100,631)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (339,423)</u>	<u>\$ 291,866</u>		<u>\$ 167,295</u>	<u>\$ 293,421</u>
	Total increase (decrease) in net assets		\$ (127,720)	\$ 700,738		\$ 262,241	\$ 435,953
Net Assets							
	Beginning of period		<u>2,412,533</u>	<u>1,711,795</u>		<u>916,701</u>	<u>480,748</u>
	End of period		<u>\$ 2,284,813</u>	<u>\$ 2,412,533</u>		<u>\$ 1,178,942</u>	<u>\$ 916,701</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		200,016	172,449		126,687	81,106
	Units purchased		30,817	30,416		30,758	36,476

	Units transferred between sub-accounts		(39,732)	23,328		5,732	29,602
	Units withdrawn, surrendered, and cancelled for contract charges		(18,498)	(26,177)		(15,368)	(20,497)
	Units Outstanding End of Period		172,603	200,016		147,809	126,687

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			NWD			TRS	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ -	\$ -		\$ 105,395	\$ 103,805
	Net realized gains (losses)		(6,216)	(11,111)		55,924	(90,731)
	Net unrealized gains (losses)		<u>73,084</u>	<u>263,682</u>		<u>310,029</u>	<u>520,381</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 66,868</u>	<u>\$ 252,571</u>		<u>\$ 471,348</u>	<u>\$ 533,455</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 203,266	\$ 146,109		\$ 447,118	\$ 387,557
	Net transfers between sub-accounts and fixed accounts		(82,511)	187,060		(138,797)	647,147
	Withdrawals and surrenders		(7,571)	(2,881)		(52,596)	(83,701)

	Mortality and expense risk charges		(6,023)	(4,735)		(23,967)	(18,340)
	Charges for life insurance protection and monthly expense charge		(110,763)	(76,387)		(307,168)	(264,942)
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (3,602)</u>	<u>\$ 249,166</u>		<u>\$ (75,410)</u>	<u>\$ 667,721</u>
	Total increase (decrease) in net assets		\$ 63,266	\$ 501,737		\$ 395,938	\$ 1,201,176
Net Assets							
	Beginning of period		<u>1,034,100</u>	<u>532,363</u>		<u>3,898,705</u>	<u>2,697,529</u>
	End of period		<u>\$ 1,097,366</u>	<u>\$ 1,034,100</u>		<u>\$ 4,294,643</u>	<u>\$ 3,898,705</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		116,920	79,180		344,082	274,812
	Units purchased		63,916	19,007		28,685	38,908
	Units transferred between sub-accounts		(25,945)	29,530		(8,905)	65,280
	Units withdrawn, surrendered, and cancelled for contract charges		(40,183)	(10,797)		(24,982)	(34,918)
	Units Outstanding End of Period		<u>114,708</u>	<u>116,920</u>		<u>338,880</u>	<u>344,082</u>
			UTS			EIS	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	
			December 31,	December 31,		December 31,	
			2004	2003		2004 [d]	
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 11,892	\$ 16,836		\$ -	
	Net realized gains (losses)		17,399	(110,401)		1,607	

	Net unrealized gains (losses)		<u>132,091</u>	<u>229,338</u>	<u>29,813</u>	
	Net Increase (Decrease) in net assets from operations		<u>\$ 161,382</u>	<u>\$ 135,773</u>	<u>\$ 31,420</u>	
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 124,880	\$ 107,212	\$ 1,903	
	Net transfers between sub-accounts and fixed accounts		71,980	(15,520)	304,874	
	Withdrawals and surrenders		10,176	(3,439)	-	
	Mortality and expense risk charges		(3,158)	(2,426)	(184)	
	Charges for life insurance protection and monthly expense charge		<u>(54,637)</u>	<u>(46,787)</u>	<u>(10,235)</u>	
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 149,241</u>	<u>\$ 39,040</u>	<u>\$ 296,358</u>	
	Total increase (decrease) in net assets		\$ 310,623	\$ 174,813	\$ 327,778	
Net Assets						
	Beginning of period		<u>483,470</u>	<u>308,657</u>	=	
	End of period		<u>\$ 794,093</u>	<u>\$ 483,470</u>	<u>\$ 327,778</u>	
Unit Transactions:						
	Units Outstanding Beginning of Period		57,320	47,288	-	
	Units purchased		10,123	16,664	182	
	Units transferred between sub-accounts		5,834	89	29,074	
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(2,578)</u>	<u>(6,721)</u>	(1,019)	
	Units Outstanding End of Period		<u>70,699</u>	<u>57,320</u>	28,237	

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

Sun Life of Canada (U.S.) Variable Account I**Statement of Changes in Net Assets - continued**

			OP1		OP2	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 6,761	\$ 8,293	\$ 147	\$ -
	Net realized gains (losses)		9,279	(4,804)	35,107	15,950
	Net unrealized gains (losses)		<u>54,866</u>	<u>157,013</u>	<u>(8,003)</u>	<u>28,773</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 70,906</u>	<u>\$ 160,502</u>	<u>\$ 27,251</u>	<u>\$ 44,723</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ (793)	\$ 14	\$ 4	\$ 262
	Net transfers between sub-accounts and fixed accounts		(148,064)	(791)	(26,765)	(150)
	Withdrawals and surrenders		-	(8,846)	(22,871)	(25,658)
	Mortality and expense risk charges		(3,662)	(3,238)	(537)	(506)
	Charges for life insurance protection and monthly expense charge		<u>(17,012)</u>	<u>(20,838)</u>	<u>(13,487)</u>	<u>(17,000)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (169,531)</u>	<u>\$ (33,699)</u>	<u>\$ (63,656)</u>	<u>\$ (43,052)</u>
	Total increase (decrease) in net assets		\$ (98,625)	\$ 126,803	\$ (36,405)	\$ 1,671

Net Assets							
	Beginning of period		<u>709,708</u>	<u>582,905</u>		<u>173,097</u>	<u>171,426</u>
	End of period		<u>\$ 611,083</u>	<u>\$ 709,708</u>		<u>\$ 136,692</u>	<u>\$ 173,097</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		66,493	70,029		9,543	12,424
	Units purchased		(72)	-		-	-
	Units transferred between sub-accounts		(13,344)	(106)		(1,440)	(11)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(1,810)</u>	<u>(3,430)</u>		<u>(1,789)</u>	<u>(2,870)</u>
	Units Outstanding End of Period		<u>51,267</u>	<u>66,493</u>		<u>6,314</u>	<u>9,543</u>
			OP3			OP4	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 225	\$ 213		\$ 601	\$ 764
	Net realized gains (losses)		14,527	(6,703)		(661)	(1,985)
	Net unrealized gains (losses)		<u>60,857</u>	<u>153,459</u>		<u>3,640</u>	<u>9,021</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 75,609</u>	<u>\$ 146,969</u>		<u>\$ 3,580</u>	<u>\$ 7,800</u>
Contract Owner Transactions:							
	Accumulation Activity:						

	Purchase payments received		\$ (348)	\$ (10)		\$ -	\$ 110
	Net transfers between sub-accounts and fixed accounts		(88,491)	(1,594)		(14,332)	-
	Withdrawals and surrenders		(1,118)	(19,030)		-	(3,919)
	Mortality and expense risk charges		(2,661)	(2,210)		(232)	(223)
	Charges for life insurance protection and monthly expense charge		<u>(17,584)</u>	<u>(19,832)</u>		<u>(3,117)</u>	<u>(4,066)</u>
	Net increase (decrease) in net assets from contract owner activity		\$ <u>(110,202)</u>	\$ <u>(42,676)</u>		\$ <u>(17,681)</u>	\$ <u>(8,098)</u>
	Total increase (decrease) in net assets		\$ (34,593)	\$ 104,293		\$ (14,101)	\$ (298)
Net Assets							
	Beginning of period		<u>477,900</u>	<u>373,607</u>		<u>40,982</u>	<u>41,280</u>
	End of period		\$ <u>443,307</u>	\$ <u>477,900</u>		\$ <u>26,881</u>	\$ <u>40,982</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		28,428	31,605		3,811	4,691
	Units purchased		(19)	-		-	-
	Units transferred between sub-accounts		(4,720)	(138)		(1,248)	-
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(1,216)</u>	<u>(3,039)</u>		<u>(305)</u>	<u>(880)</u>
	Units Outstanding End of Period		<u>22,473</u>	<u>28,428</u>		<u>2,258</u>	<u>3,811</u>

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCA1		SCA2
			Sub-Account		Sub-Account

			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 12,100	\$ 9,408	\$ 130,250	\$ 149,608
	Net realized gains (losses)		-	-	131,120	8,178
	Net unrealized gains (losses)		=	=	(92,667)	100,579
	Net Increase (Decrease) in net assets from operations		<u>\$ 12,100</u>	<u>\$ 9,408</u>	<u>\$ 168,703</u>	<u>\$ 258,365</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 477,226	\$ 735,010	\$ 523,033	\$ 563,559
	Net transfers between sub-accounts and fixed accounts		48,532	15,948	(1,637,459)	163,763
	Withdrawals and surrenders		(267,996)	(710,295)	(35,210)	(447,287)
	Mortality and expense risk charges		(9,847)	(9,755)	(15,162)	(16,172)
	Charges for life insurance protection and monthly expense charge		<u>(88,291)</u>	<u>(125,911)</u>	<u>(243,434)</u>	<u>(307,627)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 159,624</u>	<u>\$ (95,003)</u>	<u>\$ (1,408,232)</u>	<u>\$ (43,764)</u>
	Total increase (decrease) in net assets		\$ 171,724	\$ (85,595)	\$ (1,239,529)	\$ 214,601
Net Assets						
	Beginning of period		<u>1,571,196</u>	<u>1,656,791</u>	<u>3,058,482</u>	<u>2,843,881</u>
	End of period		<u>\$ 1,742,920</u>	<u>\$ 1,571,196</u>	<u>\$ 1,818,953</u>	<u>\$ 3,058,482</u>
Unit Transactions:						

	Units Outstanding Beginning of Period		107,943	151,139		250,179	252,822
	Units purchased		148,150	32,795		41,286	46,429
	Units transferred between sub-accounts		15,067	1,221		(129,255)	15,236
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(112,635)</u>	<u>(77,212)</u>		<u>(26,914)</u>	<u>(64,308)</u>
	Units Outstanding End of Period		<u>158,525</u>	<u>107,943</u>		<u>135,296</u>	<u>250,179</u>
			SCA3			SCA4	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004 [F]	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 32,992	\$ -		\$ -	\$ 1,388
	Net realized gains (losses)		190,908	4,955		65,149	(67,267)
	Net unrealized gains (losses)		<u>420,845</u>	<u>355,688</u>		<u>(81,196)</u>	<u>204,888</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 644,745</u>	<u>\$ 360,643</u>		<u>\$ (16,047)</u>	<u>\$ 139,009</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 287,320	\$ 195,870		\$ 76,429	\$ 75,305
	Net transfers between sub-accounts and fixed accounts		397,972	299,939		(498,711)	48,743
	Withdrawals and surrenders		(29,241)	(111,075)		17,513	(230,884)
	Mortality and expense risk charges		(10,116)	(6,171)		(2,595)	(2,987)

	Charges for life insurance protection and monthly expense charge		(150,421)	(108,398)		(24,968)	(41,391)
	Net increase (decrease) in net assets from contract owner activity		\$ 495,514	\$ 270,165		\$ (432,332)	\$ (151,214)
	Total increase (decrease) in net assets		\$ 1,140,259	\$ 630,808		\$ (448,379)	\$ (12,205)
Net Assets							
	Beginning of period		1,523,491	892,683		448,379	460,584
	End of period		\$ 2,663,750	\$ 1,523,491		\$ -	\$ 448,379
Unit Transactions:							
	Units Outstanding Beginning of Period		93,289	73,335		55,608	70,649
	Units purchased		17,332	14,043		9,831	12,071
	Units transferred between sub-accounts		24,007	22,482		(64,146)	7,419
	Units withdrawn, surrendered, and cancelled for contract charges		(12,024)	(16,571)		(1,293)	(34,531)
	Units Outstanding End of Period		122,604	93,289		=	55,608

[f] Effective August 6, 2004, this fund was terminated and liquidated.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCA5			SCA6	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004 [f]	2003

Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ -	\$ -	\$ 2,499
	Net realized gains (losses)		324,285	(15,654)	33,304	(24,488)
	Net unrealized gains (losses)		(122,706)	690,898	(36,199)	112,552
	Net Increase (Decrease) in net assets from operations		<u>\$ 201,579</u>	<u>\$ 675,244</u>	<u>\$ (2,895)</u>	<u>\$ 90,563</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 425,058	\$ 389,305	\$ 40,239	\$ 63,561
	Net transfers between sub-accounts and fixed accounts		(1,062,098)	324,228	(420,949)	(4,978)
	Withdrawals and surrenders		(18,311)	(73,410)	11,009	(20,693)
	Mortality and expense risk charges		(15,650)	(12,483)	(1,532)	(2,047)
	Charges for life insurance protection and monthly expense charge		(209,067)	(210,871)	(13,511)	(21,343)
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (880,068)</u>	<u>\$ 416,769</u>	<u>\$ (384,744)</u>	<u>\$ 14,500</u>
	Total increase (decrease) in net assets		\$ (678,489)	\$ 1,092,013	\$ (387,639)	\$ 105,063
Net Assets						
	Beginning of period		<u>2,847,664</u>	<u>1,755,651</u>	<u>387,639</u>	<u>282,576</u>
	End of period		<u>\$ 2,169,175</u>	<u>\$ 2,847,664</u>	<u>\$ -</u>	<u>\$ 387,639</u>
Unit Transactions:						
	Units Outstanding Beginning of Period		237,573	193,905	45,776	41,906
	Units purchased		40,180	38,084	4,788	10,162
	Units transferred between sub-accounts		(100,398)	33,298	(50,084)	(815)

	Units withdrawn, surrendered, and cancelled for contract charges		<u>(23,637)</u>	<u>(27,714)</u>		<u>(480)</u>	<u>(5,477)</u>
	Units Outstanding End of Period		<u>153,718</u>	<u>237,573</u>		-	<u>45,776</u>
			SCA7			SCA8	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004 [f]	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 10,456	\$ 5,682		\$ 1,095	\$ 446
	Net realized gains (losses)		22,326	6,394		18,841	(844)
	Net unrealized gains (losses)		<u>165,214</u>	<u>255,423</u>		<u>(24,090)</u>	<u>29,996</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 197,996</u>	<u>\$ 267,499</u>		<u>\$ (4,154)</u>	<u>\$ 29,598</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 278,980	\$ 223,622		\$ 5,632	\$ 17,143
	Net transfers between sub-accounts and fixed accounts		628,467	274,579		(157,905)	63,533
	Withdrawals and surrenders		(11,314)	(1,082)		(307)	(3,227)
	Mortality and expense risk charges		(8,391)	(5,091)		(576)	(544)
	Charges for life insurance protection and monthly expense charge		<u>(144,145)</u>	<u>(92,730)</u>		<u>(6,879)</u>	<u>(6,969)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 743,597</u>	<u>\$ 399,298</u>		<u>\$ (160,035)</u>	<u>\$ 69,936</u>
	Total increase (decrease) in net assets		\$ 941,593	\$ 666,797		\$ (164,189)	\$ 99,534

Net Assets							
	Beginning of period		<u>1,194,587</u>	<u>527,790</u>		<u>164,189</u>	<u>64,655</u>
	End of period		<u>\$ 2,136,180</u>	<u>\$ 1,194,587</u>		<u>\$ -</u>	<u>\$ 164,189</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		121,794	70,206		16,450	8,718
	Units purchased		26,950	27,004		579	1,923
	Units transferred between sub-accounts		60,710	36,228		(16,231)	7,055
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(15,729)</u>	<u>(11,644)</u>		<u>(798)</u>	<u>(1,246)</u>
	Units Outstanding End of Period		<u>193,725</u>	<u>121,794</u>		=	<u>16,450</u>

[f] Effective August 6, 2004, this fund was terminated and liquidated.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCA 9			SCA	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004 [f]	2003		2004 [f]	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ -	\$ 12,977		\$ -	\$ 40,297
	Net realized gains (losses)		259,996	(66,682)		132,696	2,615

	Net unrealized gains (losses)		(240,848)	473,241		(118,862)	119,543
	Net Increase (Decrease) in net assets from operations		\$ 19,148	\$ 419,536		\$ 13,834	\$ 162,455
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 218,212	\$ 296,092		\$ 120,912	\$ 138,795
	Net transfers between sub-accounts and fixed accounts		(1,923,566)	133,002		(829,217)	153,486
	Withdrawals and surrenders		(10,609)	(118,946)		(11,533)	(13,345)
	Mortality and expense risk charges		(6,714)	(8,876)		(2,880)	(2,994)
	Charges for life insurance protection and monthly expense charge		(97,087)	(138,136)		(45,970)	(60,779)
	Net increase (decrease) in net assets from contract owner activity		\$ (1,819,764)	\$ 163,136		\$ (768,688)	\$ 215,163
	Total increase (decrease) in net assets		\$ (1,800,616)	\$ 582,672		\$ (754,854)	\$ 377,618
Net Assets							
	Beginning of period		1,800,616	1,217,944		754,854	377,236
	End of period		\$ -	\$ 1,800,616		\$ -	\$ 754,854
Unit Transactions:							
	Units Outstanding Beginning of Period		203,736	183,140		61,580	40,571
	Units purchased		24,430	38,378		9,686	13,729
	Units transferred between sub-accounts		(215,357)	17,360		(66,429)	14,659
	Units withdrawn, surrendered, and cancelled for contract charges		(12,809)	(35,142)		(4,837)	(7,379)
	Units Outstanding End of Period		=	203,736		=	61,580
			SCB			SCC	

			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004	2003	2004 [f]	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ 914	\$ 13	\$ 1,214
	Net realized gains (losses)		465,142	(9,518)	25,922	(7,614)
	Net unrealized gains (losses)		<u>(270,267)</u>	<u>609,989</u>	<u>(23,970)</u>	<u>43,736</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 194,875</u>	<u>\$ 601,385</u>	<u>\$ 1,965</u>	<u>\$ 37,336</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 404,666	\$ 326,673	\$ 62,448	\$ 88,983
	Net transfers between sub-accounts and fixed accounts		(819,801)	396,822	(223,681)	1,299
	Withdrawals and surrenders		(23,584)	(75,843)	(1,016)	(10,424)
	Mortality and expense risk charges		(12,190)	(9,569)	(744)	(814)
	Charges for life insurance protection and monthly expense charge		<u>(189,644)</u>	<u>(162,795)</u>	<u>(21,702)</u>	<u>(36,426)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (640,553)</u>	<u>\$ 475,288</u>	<u>\$ (184,695)</u>	<u>\$ 42,618</u>
	Total increase (decrease) in net assets		\$ (445,678)	\$ 1,076,673	\$ (182,730)	\$ 79,954
Net Assets						
	Beginning of period		<u>2,265,709</u>	<u>1,189,036</u>	<u>182,730</u>	<u>102,776</u>
	End of period		<u>\$ 1,820,031</u>	<u>\$ 2,265,709</u>	<u>\$ -</u>	<u>\$ 182,730</u>

Unit Transactions:							
	Units Outstanding Beginning of Period		201,256	149,387		18,224	13,382
	Units purchased		40,634	34,916		6,162	10,122
	Units transferred between sub-accounts		(82,319)	43,483		(22,071)	170
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(23,296)</u>	<u>(26,530)</u>		<u>(2,315)</u>	<u>(5,450)</u>
	Units Outstanding End of Period		<u>136,275</u>	<u>201,256</u>		-	<u>18,224</u>

[f] Effective August 6, 2004, this fund was terminated and liquidated.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCH		SCI	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004 [f]	2003	2004 [a]	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 128	\$ 365	\$ -	\$ -
	Net realized gains (losses)		126,848	(267)	57,943	(5,584)
	Net unrealized gains (losses)		<u>(98,940)</u>	<u>108,099</u>	<u>(61,503)</u>	<u>76,829</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 28,036</u>	<u>\$ 108,197</u>	<u>\$ (3,560)</u>	<u>\$ 71,245</u>
Contract Owner Transactions:						
	Accumulation Activity:					

	Purchase payments received		\$ 66,148	\$ 95,710		\$ 37,881	\$ 37,045
	Net transfers between sub-accounts and fixed accounts		(559,169)	161,221		(416,146)	194,846
	Withdrawals and surrenders		(834)	(1,016)		-	(46)
	Mortality and expense risk charges		(2,163)	(1,792)		(1,685)	(1,589)
	Charges for life insurance protection and monthly expense charge		<u>(36,202)</u>	<u>(40,740)</u>		<u>(19,505)</u>	<u>(21,744)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (532,220)</u>	<u>\$ 213,383</u>		<u>\$ (399,455)</u>	<u>\$ 208,512</u>
	Total increase (decrease) in net assets		<u>\$ (504,184)</u>	<u>\$ 321,580</u>		<u>\$ (403,015)</u>	<u>\$ 279,757</u>
Net Assets							
	Beginning of period		<u>504,184</u>	<u>182,604</u>		<u>403,015</u>	<u>123,258</u>
	End of period		<u>\$ -</u>	<u>\$ 504,184</u>		<u>\$ -</u>	<u>\$ 403,015</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		43,441	21,341		54,479	21,525
	Units purchased		5,399	10,061		5,166	5,571
	Units transferred between sub-accounts		(45,641)	16,489		(56,755)	30,960
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(3,199)</u>	<u>(4,450)</u>		<u>(2,890)</u>	<u>(3,577)</u>
	Units Outstanding End of Period		=	<u>43,441</u>		=	<u>54,479</u>
			SCJ			SCK	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,

			2004 [f]	2003		2004 [f]	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ -	\$ 5		\$ -	\$ 3,147
	Net realized gains (losses)		130,579	(20,949)		104,608	(8,444)
	Net unrealized gains (losses)		<u>(256,745)</u>	<u>325,146</u>		<u>(117,293)</u>	<u>138,106</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ (126,166)</u>	<u>\$ 304,202</u>		<u>\$ (12,685)</u>	<u>\$ 132,809</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 243,915	\$ 328,421		\$ 130,168	\$ 203,300
	Net transfers between sub-accounts and fixed accounts		(1,469,023)	402,918		(777,453)	238,040
	Withdrawals and surrenders		(26,510)	(11,456)		(6,753)	(23,341)
	Mortality and expense risk charges		(5,621)	(5,632)		(2,468)	(2,605)
	Charges for life insurance protection and monthly expense charge		<u>(88,142)</u>	<u>(105,125)</u>		<u>(40,057)</u>	<u>(53,186)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (1,345,381)</u>	<u>\$ 609,126</u>		<u>\$ (696,563)</u>	<u>\$ 362,208</u>
	Total increase (decrease) in net assets		\$ (1,471,547)	\$ 913,328		\$ (709,248)	\$ 495,017
Net Assets							
	Beginning of period		<u>1,471,547</u>	<u>558,219</u>		<u>709,248</u>	<u>214,231</u>
	End of period		\$ -	<u>\$ 1,471,547</u>		\$ -	<u>\$ 709,248</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		145,623	73,980		69,992	27,454
	Units purchased		26,401	37,738		13,080	24,163

	Units transferred between sub-accounts		(159,006)	47,856		(78,120)	27,001
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(13,018)</u>	<u>(13,951)</u>		<u>(4,952)</u>	<u>(8,626)</u>
	Units Outstanding End of Period		=	<u>145,623</u>		=	<u>69,992</u>

[f] Effective August 6, 2004, this fund was terminated and liquidated.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCL		SCM	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004 [f]	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ -	\$ 381	\$ 1,854
	Net realized gains (losses)		52,073	7,249	65,998	(5,398)
	Net unrealized gains (losses)		<u>(67,243)</u>	<u>69,597</u>	<u>(78,043)</u>	<u>83,513</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ (15,170)</u>	<u>\$ 76,846</u>	<u>\$ (11,664)</u>	<u>\$ 79,969</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 55,396	\$ 70,979	\$ 79,417	\$ 23,424
	Net transfers between sub-accounts and fixed accounts		(316,632)	73,981	(229,773)	61,423
	Withdrawals and surrenders		(5,821)	(1,581)	(2,678)	(1,172)

	Mortality and expense risk charges		(1,179)	(1,089)		(1,645)	(940)
	Charges for life insurance protection and monthly expense charge		(20,924)	(25,101)		(24,185)	(12,484)
	Net increase (decrease) in net assets from contract owner activity		\$ (289,160)	\$ 117,189		\$ (178,864)	\$ 70,251
	Total increase (decrease) in net assets		\$ (304,330)	\$ 194,035		\$ (190,528)	\$ 150,220
Net Assets							
	Beginning of period		304,330	110,295		282,512	132,292
	End of period		\$ -	\$ 304,330		\$ 91,984	\$ 282,512
Unit Transactions:							
	Units Outstanding Beginning of Period		27,562	14,223		24,634	17,505
	Units purchased		5,280	8,158		7,990	2,728
	Units transferred between sub-accounts		(30,181)	8,118		(23,118)	5,951
	Units withdrawn, surrendered, and cancelled for contract charges		(2,661)	(2,937)		(2,985)	(1,550)
	Units Outstanding End of Period		=	27,562		6,521	24,634
			IV1			IV2	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004 [e]	2003		2004 [e]	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ -	\$ -		\$ -	\$ -

	Net realized gains (losses)		16,709	(23,355)		24,921	(9,185)
	Net unrealized gains (losses)		<u>17,821</u>	<u>103,471</u>		<u>20,786</u>	<u>98,234</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 34,530</u>	<u>\$ 80,116</u>		<u>\$ 45,707</u>	<u>\$ 89,049</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 54,603	\$ 68,129		\$ 78,142	\$ 119,321
	Net transfers between sub-accounts and fixed accounts		(25,303)	8,173		(29,701)	59,366
	Withdrawals and surrenders		(2,231)	(2,231)		(4,774)	(170)
	Mortality and expense risk charges		(1,777)	(1,365)		(2,452)	(1,722)
	Charges for life insurance protection and monthly expense charge		<u>(25,513)</u>	<u>(20,756)</u>		<u>(46,517)</u>	<u>(43,831)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ (221)</u>	<u>\$ 51,950</u>		<u>\$ (5,302)</u>	<u>\$ 132,964</u>
	Total increase (decrease) in net assets		\$ 34,309	\$ 132,066		\$ 40,405	\$ 222,013
Net Assets							
	Beginning of period		<u>280,977</u>	<u>148,911</u>		<u>394,856</u>	<u>172,843</u>
	End of period		<u>\$ 315,286</u>	<u>\$ 280,977</u>		<u>\$ 435,261</u>	<u>\$ 394,856</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		38,780	28,387		51,985	30,392
	Units purchased		74,748	12,262		23,934	19,737
	Units transferred between sub-accounts		(34,638)	2,095		(9,097)	8,843
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(40,413)</u>	<u>(3,964)</u>		<u>(16,455)</u>	<u>(6,987)</u>
	Units Outstanding End of Period		<u>38,477</u>	<u>38,780</u>		<u>50,367</u>	<u>51,985</u>

[f] Effective August 6, 2004, this fund was terminated and liquidated.

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			AN2		AN3	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended
			December 31,	December 31,	December 31,	December 31,
			2004 [e]	2003	2004	2003
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ -	\$ -	\$ 11,921	\$ 6,485
	Net realized gains (losses)		18,502	(30,675)	5,763	(23,651)
	Net unrealized gains (losses)		(14,204)	85,856	274,089	262,643
	Net Increase (Decrease) in net assets from operations		\$ 4,298	\$ 55,181	\$ 291,773	\$ 245,477
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 17,370	\$ 30,007	\$ 380,263	\$ 250,907
	Net transfers between sub-accounts and fixed accounts		(36,504)	85,539	1,315,578	346,360
	Withdrawals and surrenders		(1,242)	(3,143)	(10,021)	(30,818)
	Mortality and expense risk charges		(1,444)	(859)	(11,159)	(4,838)
	Charges for life insurance protection and monthly expense charge		(19,091)	(16,891)	(203,285)	(142,170)
	Net increase (decrease) in net assets from contract owner activity		\$ (40,911)	\$ 94,653	\$ 1,471,376	\$ 419,441

	Total increase (decrease) in net assets		\$ (36,613)	\$ 149,834		\$ 1,763,149	\$ 664,918
Net Assets							
	Beginning of period		<u>250,545</u>	<u>100,711</u>		<u>1,279,150</u>	<u>614,232</u>
	End of period		<u>\$ 213,932</u>	<u>\$ 250,545</u>		<u>\$ 3,042,299</u>	<u>\$ 1,279,150</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		39,085	22,628		137,868	87,587
	Units purchased		3,088	5,061		40,631	30,832
	Units transferred between sub-accounts		(6,490)	15,176		140,567	41,609
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(3,873)</u>	<u>(3,780)</u>		<u>(24,086)</u>	<u>(22,160)</u>
	Units Outstanding End of Period		<u>31,810</u>	<u>39,085</u>		<u>294,980</u>	<u>137,868</u>
			FL4			FL5	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 76,015	\$ 38,935		\$ 96,486	\$ 74,694
	Net realized gains (losses)		7,936	(163,704)		3	-
	Net unrealized gains (losses)		<u>858,072</u>	<u>1,119,207</u>		=	=
	Net Increase (Decrease) in net assets from operations		<u>\$ 942,023</u>	<u>\$ 994,438</u>		<u>\$ 96,489</u>	<u>\$ 74,694</u>
Contract Owner Transactions:							

	Accumulation Activity:						
	Purchase payments received		\$ 1,401,210	\$ 680,749		\$ 2,891,274	\$ 3,175,069
	Net transfers between sub-accounts and fixed accounts		2,655,257	1,696,843		(627,317)	(936,168)
	Withdrawals and surrenders		(25,045)	(68,731)		(735,826)	(175,860)
	Mortality and expense risk charges		(42,228)	(22,293)		(54,334)	(51,344)
	Charges for life insurance protection and monthly expense charge		<u>(656,902)</u>	<u>(290,190)</u>		<u>(829,053)</u>	<u>(1,087,049)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 3,332,292</u>	<u>\$ 1,996,378</u>		<u>\$ 644,744</u>	<u>\$ 924,648</u>
	Total increase (decrease) in net assets		\$ 4,274,315	\$ 2,990,816		\$ 741,233	\$ 999,342
Net Assets							
	Beginning of period		<u>5,436,616</u>	<u>2,445,800</u>		<u>9,001,425</u>	<u>8,002,083</u>
	End of period		<u>\$ 9,710,931</u>	<u>\$ 5,436,616</u>		<u>\$ 9,742,658</u>	<u>\$ 9,001,425</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		619,237	357,682		869,135	772,471
	Units purchased		160,878	88,222		236,829	312,907
	Units transferred between sub-accounts		304,858	223,465		(51,385)	(90,008)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(77,565)</u>	<u>(50,132)</u>		<u>(136,325)</u>	<u>(126,235)</u>
	Units Outstanding End of Period		<u>1,007,408</u>	<u>619,237</u>		<u>918,254</u>	<u>869,135</u>

[e] As of August 6, 2004, this fund was not open to new premiums or transfers.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

				FL6			FL7	
				Sub-Account			Sub-Account	
				Year Ended	Year Ended		Year Ended	Year Ended
				December 31,	December 31,		December 31,	December 31,
				2004	2003		2004	2003
Increase (Decrease) in net assets from operations:								
	Net investment income (loss)			\$ 4,949	\$ 2,821		\$ 17,955	\$ 7,660
	Net realized gains (losses)			123,599	(19,706)		151,339	(159,368)
	Net unrealized gains (losses)			<u>232,317</u>	<u>344,153</u>		<u>312,524</u>	<u>599,791</u>
	Net Increase (Decrease) in net assets from operations			<u>\$ 360,865</u>	<u>\$ 327,268</u>		<u>\$ 481,818</u>	<u>\$ 448,083</u>
Contract Owner Transactions:								
	Accumulation Activity:							
	Purchase payments received			\$ 407,223	\$ 228,540		\$ 466,180	\$ 287,234
	Net transfers between sub-accounts and fixed accounts			389,078	605,573		1,153,465	(46,464)
	Withdrawals and surrenders			(3,583)	(1,776)		(8,947)	(22,563)
	Mortality and expense risk charges			(13,185)	(6,559)		(12,527)	(7,672)
	Charges for life insurance protection and monthly expense charge			<u>(201,198)</u>	<u>(124,278)</u>		<u>(190,087)</u>	<u>(123,864)</u>
	Net increase (decrease) in net assets from contract owner activity			<u>\$ 578,335</u>	<u>\$ 701,500</u>		<u>\$ 1,408,084</u>	<u>\$ 86,671</u>
	Total increase (decrease) in net assets			\$ 939,200	\$ 1,028,768		\$ 1,889,902	\$ 534,754
Net Assets								
	Beginning of period			<u>1,775,416</u>	<u>746,648</u>		<u>1,599,589</u>	<u>1,064,835</u>

	End of period		<u>\$ 2,714,616</u>	<u>\$ 1,775,416</u>		<u>\$ 3,489,491</u>	<u>\$ 1,599,589</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		164,605	88,676		172,921	165,090
	Units purchased		37,448	23,731		52,961	39,372
	Units transferred between sub-accounts		35,780	66,310		131,041	(10,309)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(18,295)</u>	<u>(14,112)</u>		<u>(25,580)</u>	<u>(21,232)</u>
	Units Outstanding End of Period		<u>219,538</u>	<u>164,605</u>		<u>331,343</u>	<u>172,921</u>
			FL8			FTG	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 1,104	\$ 759		\$ 5,511	\$ 1,908
	Net realized gains (losses)		(7,637)	(35,339)		11,188	5,647
	Net unrealized gains (losses)		<u>35,004</u>	<u>189,269</u>		<u>56,677</u>	<u>40,170</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 28,471</u>	<u>\$ 154,689</u>		<u>\$ 73,376</u>	<u>\$ 47,725</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 184,015	\$ 158,773		\$ 66,475	\$ 7,955
	Net transfers between sub-accounts and fixed accounts		310,014	88,946		384,982	129,148

	Withdrawals and surrenders		(4,941)	(48,118)		(275)	-
	Mortality and expense risk charges		(5,530)	(3,120)		(2,923)	(664)
	Units withdrawn, surrendered, and cancelled for contract charges		(96,188)	(80,551)		(34,705)	(6,665)
	Net increase (decrease) in net assets from contract owner activity		\$ 387,370	\$ 115,930		\$ 413,554	\$ 129,774
	Total increase (decrease) in net assets		\$ 415,841	\$ 270,619		\$ 486,930	\$ 177,499
Net Assets							
	Beginning of period		674,737	404,118		181,106	3,607
	End of period		\$ 1,090,578	\$ 674,737		\$ 668,036	\$ 181,106
Unit Transactions:							
	Units Outstanding Beginning of Period		85,991	68,738		12,883	339
	Units purchased		23,417	22,173		4,518	600
	Units transferred between sub-accounts		39,453	13,815		26,165	12,558
	Units withdrawn, surrendered, and cancelled for contract charges		(13,572)	(18,735)		(2,576)	(614)
	Units Outstanding End of Period		135,289	85,991		40,990	12,883

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			FTI		PHY	
			Sub-Account		Sub-Account	
			Year Ended	Year Ended	Year Ended	Year Ended

			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 21,258	\$ 11,543		\$ 46,638	\$ 14,956
	Net realized gains (losses)		127,101	2,388		7,773	8,093
	Net unrealized gains (losses)		<u>246,295</u>	<u>226,397</u>		<u>19,280</u>	<u>18,627</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 394,654</u>	<u>\$ 240,328</u>		<u>\$ 73,691</u>	<u>\$ 41,676</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 340,089	\$ 93,966		\$ 90,136	\$ 55,995
	Net transfers between sub-accounts and fixed accounts		1,113,979	933,070		361,141	451,247
	Withdrawals and surrenders		(9,183)	(2,333)		(465)	-
	Mortality and expense risk charges		(11,121)	(3,544)		(4,179)	(1,260)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(148,935)</u>	<u>(51,634)</u>		<u>(50,428)</u>	<u>(18,809)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 1,284,829</u>	<u>\$ 969,525</u>		<u>\$ 396,205</u>	<u>\$ 487,173</u>
	Total increase (decrease) in net assets		\$ 1,679,483	\$ 1,209,853		\$ 469,896	\$ 528,849
Net Assets							
	Beginning of period		<u>1,215,035</u>	<u>5,182</u>		<u>541,772</u>	<u>12,923</u>
	End of period		<u>\$ 2,894,518</u>	<u>\$ 1,215,035</u>		<u>\$ 1,011,668</u>	<u>\$ 541,772</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		87,810	494		40,673	1,189

	Units purchased		23,364	8,078		6,465	4,559
	Units transferred between sub-accounts		76,532	84,037		25,907	36,512
	Units withdrawn, surrendered, and cancelled for contract charges		(11,492)	(4,799)		(3,932)	(1,587)
	Units Outstanding End of Period		176,214	87,810		69,113	40,673
			PMB			PRR	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 18,675	\$ 1,272		\$ 11,567	\$ 8,572
	Net realized gains (losses)		60,190	8,056		59,860	25,077
	Net unrealized gains (losses)		<u>25,525</u>	<u>(2,926)</u>		<u>24,632</u>	<u>2,680</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 104,390</u>	<u>\$ 6,402</u>		<u>\$ 96,059</u>	<u>\$ 36,329</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 92,335	\$ 13,611		\$ 160,956	\$ 56,485
	Net transfers between sub-accounts and fixed accounts		913,000	46,058		501,769	676,095
	Withdrawals and surrenders		(1,058)	-		(133)	-
	Mortality and expense risk charges		(2,600)	(137)		(6,668)	(2,765)
	Charges for life insurance protection and monthly expense charge		<u>(40,324)</u>	<u>(1,724)</u>		<u>(90,318)</u>	<u>(26,870)</u>

	Net increase (decrease) in net assets from contract owner activity		<u>\$ 961,353</u>	<u>\$ 57,808</u>		<u>\$ 565,606</u>	<u>\$ 702,945</u>
	Total increase (decrease) in net assets		\$ 1,065,743	\$ 64,210		\$ 661,665	\$ 739,274
Net Assets							
	Beginning of period		<u>66,100</u>	<u>1,890</u>		<u>775,844</u>	<u>36,570</u>
	End of period		<u>\$ 1,131,843</u>	<u>\$ 66,100</u>		<u>\$ 1,437,509</u>	<u>\$ 775,844</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		4,295	162		70,429	3,614
	Units purchased		5,897	933		14,059	5,310
	Units transferred between sub-accounts		58,303	3,329		43,830	64,276
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(2,819)</u>	<u>(129)</u>		<u>(8,472)</u>	<u>(2,771)</u>
	Units Outstanding End of Period		<u>65,676</u>	<u>4,295</u>		<u>119,846</u>	<u>70,429</u>

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			PTR			PLD	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	
			December 31,	December 31,		December 31,	
			2004	2003		2004 [d]	
Increase (Decrease) in net assets from operations:							

	Net investment income (loss)		\$ 37,484	\$ 20,168		\$ 19,262	
	Net realized gains (losses)		42,032	14,432		10,249	
	Net unrealized gains (losses)		<u>17,539</u>	<u>(4,394)</u>		<u>(12,534)</u>	
	Net Increase (Decrease) in net assets from operations		<u>\$ 97,055</u>	<u>\$ 30,206</u>		<u>\$ 16,977</u>	
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 398,529	\$ 183,657		\$ 221,247	
	Net transfers between sub-accounts and fixed accounts		720,599	928,553		3,322,234	
	Withdrawals and surrenders		(8,629)	(10,421)		(5,271)	
	Mortality and expense risk charges		(11,930)	(4,543)		(6,241)	
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(201,545)</u>	<u>(68,438)</u>		<u>(102,457)</u>	
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 897,024</u>	<u>\$ 1,028,808</u>		<u>\$ 3,429,512</u>	
	Total increase (decrease) in net assets		\$ 994,079	\$ 1,059,014		\$ 3,446,489	
Net Assets							
	Beginning of period		<u>1,307,443</u>	<u>248,429</u>		-	
	End of period		<u>\$ 2,301,522</u>	<u>\$ 1,307,443</u>		<u>\$ 3,446,489</u>	
Unit Transactions:							
	Units Outstanding Beginning of Period		122,353	24,233		-	
	Units purchased		36,161	18,382		22,121	
	Units transferred between sub-accounts		65,384	87,636		332,168	
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(20,974)</u>	<u>(7,898)</u>		<u>(9,216)</u>	

	Units Outstanding End of Period		<u>202,924</u>	<u>122,353</u>		<u>345,073</u>	
			SSC			SEE	
			Sub-Account			Sub-Account	
			Year Ended	Year Ended		Year Ended	Year Ended
			December 31,	December 31,		December 31,	December 31,
			2004	2003		2004	2003 [j]
Increase (Decrease) in net assets from operations:							
	Net investment income (loss)		\$ 1,289	\$ 25		\$ 5,755	\$ 107
	Net realized gains (losses)		64,377	1,813		6,668	233
	Net unrealized gains (losses)		<u>208,163</u>	<u>89,811</u>		<u>32,203</u>	<u>14,055</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 273,829</u>	<u>\$ 91,649</u>		<u>\$ 44,626</u>	<u>\$ 14,395</u>
Contract Owner Transactions:							
	Accumulation Activity:						
	Purchase payments received		\$ 124,325	\$ 20,019		\$ 42,696	\$ 818
	Net transfers between sub-accounts and fixed accounts		927,740	368,590		90,623	157,906
	Withdrawals and surrenders		(809)	(392)		(172)	-
	Mortality and expense risk charges		(5,130)	(1,143)		(1,338)	(173)
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(71,712)</u>	<u>(8,529)</u>		<u>(30,090)</u>	<u>(1,867)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 974,414</u>	<u>\$ 378,545</u>		<u>\$ 101,719</u>	<u>\$ 156,684</u>
	Total increase (decrease) in net assets		\$ 1,248,243	\$ 470,194		\$ 146,345	\$ 171,079
Net Assets							

	Beginning of period		<u>472,599</u>	<u>2,405</u>		<u>171,079</u>	-
	End of period		<u>\$ 1,720,842</u>	<u>\$ 472,599</u>		<u>\$ 317,424</u>	<u>\$ 171,079</u>
Unit Transactions:							
	Units Outstanding Beginning of Period		30,464	227		12,372	-
	Units purchased		8,173	1,397		2,919	77
	Units transferred between sub-accounts		60,988	29,557		6,196	12,462
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(5,123)</u>	<u>(717)</u>		<u>(2,186)</u>	<u>(167)</u>
	Units Outstanding End of Period		<u>94,502</u>	<u>30,464</u>		<u>19,301</u>	<u>12,372</u>

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

[j] For the period April 7, 2003 (Commencement of operations of Sub-Account) through December 31, 2003.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			SCV		DGO
			Sub-Account		Sub-Account
			Year Ended		Year Ended
			December 31,		December 31,
			2004 [d]		2004 [d]
Increase (Decrease) in net assets from operations:					
	Net investment income (loss)		\$ -		\$ -
	Net realized gains (losses)		467		96
	Net unrealized gains (losses)		<u>9,875</u>		<u>3,114</u>

	Net Increase (Decrease) in net assets from operations		<u>\$ 10,342</u>		<u>\$ 3,210</u>
Contract Owner Transactions:					
Accumulation Activity:					
	Purchase payments received		\$ 8,344		\$ 1,091
	Net transfers between sub-accounts and fixed accounts		141,332		22,869
	Withdrawals and surrenders		-		-
	Mortality and expense risk charges		(127)		(29)
	Charges for life insurance protection and monthly expense charge		<u>(2,815)</u>		<u>(887)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 146,734</u>		<u>\$ 23,044</u>
	Total increase (decrease) in net assets		\$ 157,076		\$ 26,254
Net Assets					
	Beginning of period		=		=
	End of period		<u>\$ 157,076</u>		<u>\$ 26,254</u>
Unit Transactions:					
	Units Outstanding Beginning of Period		-		-
	Units purchased		732		100
	Units transferred between sub-accounts		12,407		2,088
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(258)</u>		<u>(84)</u>
	Units Outstanding End of Period		<u>12,881</u>		<u>2,104</u>
			DMC		LA1
			Sub-Account		Sub-Account

			Year Ended			Year Ended
			December 31,			December 31,
			2004 [d]			2004 [d]
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 7,873			\$ 1,062
	Net realized gains (losses)		65,263			2,837
	Net unrealized gains (losses)		<u>284,401</u>			<u>9,686</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 357,537</u>			<u>\$ 13,585</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 142,486			\$ 16,359
	Net transfers between sub-accounts and fixed accounts		1,816,571			121,063
	Withdrawals and surrenders		(5,071)			-
	Mortality and expense risk charges		(3,853)			(234)
	Charges for life insurance protection and monthly expense charge		<u>(60,198)</u>			<u>(3,751)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 1,889,935</u>			<u>\$ 133,437</u>
	Total increase (decrease) in net assets		\$ 2,247,472			\$ 147,022
Net Assets						
	Beginning of period		=			=
	End of period		<u>\$ 2,247,472</u>			<u>\$ 147,022</u>
Unit Transactions:						

	Units Outstanding Beginning of Period		-			-
	Units purchased		14,020			1,543
	Units transferred between sub-accounts		178,742			11,416
	Units withdrawn, surrendered, and cancelled for contract charges		<u>(6,221)</u>			<u>(376)</u>
	Units Outstanding End of Period		<u>186,541</u>			<u>12,583</u>

[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Statement of Changes in Net Assets - continued

			LA2			OCF
			Sub-Account			Sub-Account
			Year Ended			Year Ended
			December 31,			December 31,
			2004 [d]			2004 [d]
Increase (Decrease) in net assets from operations:						
	Net investment income (loss)		\$ 1,138			\$ -
	Net realized gains (losses)		7,253			1,408
	Net unrealized gains (losses)		<u>36,090</u>			<u>7,066</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 44,481</u>			<u>\$ 8,474</u>
Contract Owner Transactions:						
	Accumulation Activity:					
	Purchase payments received		\$ 25,482			\$ 5,630

	Net transfers between sub-accounts and fixed accounts		378,551			208,701
	Withdrawals and surrenders		-			-
	Mortality and expense risk charges		(516)			(169)
	Charges for life insurance protection and monthly expense charge		<u>(6,649)</u>			<u>(2,590)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 396,868</u>			<u>\$ 211,572</u>
	Total increase (decrease) in net assets		\$ 441,349			\$ 220,046
Net Assets						
	Beginning of period		=			=
	End of period		<u>\$ 441,349</u>			<u>\$ 220,046</u>
Unit Transactions:						
	Units Outstanding Beginning of Period		-			-
	Units purchased		2,340			518
	Units transferred between sub-accounts		34,755			19,224
	Units withdrawn, surrendered, and cancelled for contract charges		(658)			(254)
	Units Outstanding End of Period		36,437			19,488
			VGI			TBC
			Sub-Account			Sub-Account
			Year Ended			Year Ended
			December 31,			December 31,
			2004 [d]			2004 [d]
Increase (Decrease) in net assets from operations:						

	Net investment income (loss)		\$ -		\$ 9,971
	Net realized gains (losses)		222		4,163
	Net unrealized gains (losses)		<u>13,064</u>		<u>203,049</u>
	Net Increase (Decrease) in net assets from operations		<u>\$ 13,286</u>		<u>\$ 217,183</u>
Contract Owner Transactions:					
	Accumulation Activity:				
	Purchase payments received		\$ 9,220		\$ 108,824
	Net transfers between sub-accounts and fixed accounts		142,795		1,559,798
	Withdrawals and surrenders		-		(2,950)
	Mortality and expense risk charges		(210)		(3,329)
	Charges for life insurance protection and monthly expense charge		<u>(4,215)</u>		<u>(48,844)</u>
	Net increase (decrease) in net assets from contract owner activity		<u>\$ 147,590</u>		<u>\$ 1,613,499</u>
	Total increase (decrease) in net assets		\$ 160,876		\$ 1,830,682
Net Assets					
	Beginning of period		=		=
	End of period		<u>\$ 160,876</u>		<u>\$ 1,830,682</u>
Unit Transactions:					
	Units Outstanding Beginning of Period		-		-
	Units purchased		865		10,645
	Units transferred between sub-accounts		13,406		152,571
	Units withdrawn, surrendered, and cancelled for contract charges		(415)		(5,441)

Units Outstanding End of Period		\$ 13,856		\$ 157,775
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[d] For the period August 6, 2004 (Commencement of operations of Sub-Account) through December 31, 2004.

See notes to financial statements

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(1) Organization

Sun Life of Canada (U.S.) Variable Account I (the "Variable Account"), a separate account of Sun Life Assurance Company of Canada (U.S.) (the "Sponsor") was established on August 25, 1999 as a funding vehicle for the variable portion of certain individual variable universal life insurance contracts. The Variable Account is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 as a unit investment trust.

The assets of the Variable Account are divided into Sub-Accounts. Each Sub-Account is invested in shares of a specific mutual fund or series thereof selected by contract owners. The funds currently offered are as follows: AIM Variable Insurance Funds, Inc., The Alger American Fund, Goldman Sachs Variable Insurance Trust, MFS/Sun Life Series Trust, OCC Accumulation Trust, Sun Capital Advisers Trust, AllianceBernstein Variable Products Series Fund, Inc., Fidelity Variable Insurance Products Fund, Franklin Templeton Variable Insurance Products Trust, PIMCO Variable Insurance Trust, Scudder Variable Insurance Trust Funds, Scudder Variable Series II, Delaware Variable Insurance Products Trust, Dreyfus Investment Portfolios, Lord Abbett Series Fund, Inc., Oppenheimer Variable Account Funds, Van Kampen Life Insurance Trust and T. Rowe Price Equity Series, Inc. (collectively the "Funds" or "Sub-Accounts"). The MFS/Sun Life Series Trust and Sun Capital Advisers Trust are advised by affiliates of the Sponsor.

The Variable Account exists in accordance with the regulations of the Delaware State Insurance Department. The assets and liabilities of the Variable Account are clearly identified and distinguished from the Sponsor's other assets and liabilities. Assets applicable to the Variable Account are not chargeable with liabilities arising out of any other business the Sponsor may conduct.

(2) Significant Accounting Policies

General

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuations

Investments in the Funds are recorded at their net asset value. The Funds value their investment securities at fair value. Transactions are recorded on a trade date basis. Realized gains and losses on sales of shares of the Funds are determined on the identified cost basis. Dividend income and capital gain distributions received by the Sub-Accounts are reinvested in additional Fund shares and are recognized on the ex-dividend date.

Exchanges between Sub-Accounts requested by contract owners are recorded in the new Sub-Account upon receipt of the redemption proceeds.

Federal Income Tax Status

Sub-Accounts:				
	AIM Variable Insurance Funds, Inc.			
	V.I. Capital Appreciation Fund ("AIM1")			1,997
	V.I. Growth Fund ("AIM2") [e]			18,933
	V.I. Core Equity Fund ("AIM3") [a] [e]			60
	V.I. International Growth Fund ("AIM4") [a]			3,632
	V.I. Premier Equity Fund ("AIM5") [a] [e]			1,583
	The Alger American Fund			
	Growth Portfolio ("AL1")			1,376
	Income and Growth Portfolio ("AL2")			953
	Small Capitalization Portfolio ("AL3")			164
	Mid Cap Growth Portfolio ("AL4") [d]			-
	Goldman Sachs Variable Insurance Trust			
	CORE Large Cap Growth Fund ("GS1")			-
	CORE Small Cap Equity Fund ("GS2")			339
	CORE US Equity Fund ("GS3")			2,767
	Growth and Income Fund ("GS4")			1,232
	International Equity Fund ("GS5")			3,149
	Mid Cap Value Fund ("GS8") [d]			-
	MFS/Sun Life Series Trust			
	Capital Appreciation Series ("CAS") [e]			932
	Massachusetts Investors Trust Series ("CGS")			3,785

	Emerging Growth Series ("EGS") [e]		10,516
	Government Securities Series ("GSS")		7,180
	High Yield Series ("HYS")		8,216
	Massachusetts Investors Growth Stock Series ("MIS")		5,584
	New Discovery Series ("NWD")		3,032
	Total Return Series ("TRS")		21,064
	Utilities Series ("UTS")		-
	Value Series ("EIS") [d]		-
	OCC Accumulation Trust		
	Equity Portfolio ("OP1")		-
	Mid Cap Portfolio ("OP2")		9,160
	Small Cap Portfolio ("OP3")		448
	Managed Portfolio ("OP4")		-
	Sun Capital Advisers Trust		
	Sun Capital Money Market Fund ("SCA1")		107,331
	Sun Capital Investment Grade Bond Fund ("SCA2")		14,101
	Sun Capital Real Estate Fund ("SCA3")		11,711
	Sun Capital Select Equity Fund ("SCA4") [c]		-
	Sun Capital Blue Chip Mid-Cap Fund ("SCA5")		7,333
	Sun Capital Investors Foundation Fund ("SCA6") [c]		-
	Sun Capital Davis Venture Value Fund ("SCA7")		4,531
	Sun Capital Davis Financial Fund ("SCA8") [c]		123

	Sun Capital Value Equity Fund ("SCA9") [c]		4,249
	Sun Capital Value Mid Cap Fund ("SCA ") [c]		4,619
	Sun Capital Value Small Cap Fund ("SCB")		9,445
	Sun Capital Value Managed Fund ("SCC") [c]		407
	Sun Capital Neuberger Berman Mid Cap Value Fund ("SCH") [c]		334
	Sun Capital Neuberger Berman Mid Cap Growth Fund ("SCI") [c]		-
	Sun Capital Alger Growth Fund ("SCJ") [c]		10,617
	Sun Capital Alger Income and Growth Fund ("SCK") [c]		2,705
	Sun Capital Alger Small Capitalization Fund ("SCL") [c]		2,331
	Sun Capital All Cap Fund ("SCM")		1,073
	AIM Variable Insurance Funds, Inc. [f]		
	V.I. Dynamics Fund ("IV1") [e] [f]		894
	V.I. Small Company Growth Fund ("IV2") [e] [f]		1,912
	AllianceBernstein Variable Product Series Fund, Inc. [b]		
	VP Technology Portfolio ("AN2") [e]		497
	VP Growth and Income Portfolio ("AN3")		4,013

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements - continued

(3) Contract Charges and Related Party Transactions - continued

		Surrender
		Charges

Fidelity Variable Insurance Products Fund					
	Fidelity VIP Index 500 Portfolio ("FL4")				10,030
	Fidelity VIP Money Market Portfolio ("FL5")				279,195
	Fidelity VIP Contrafund TM Portfolio ("FL6")				1,435
	Fidelity VIP Overseas Portfolio ("FL7")				3,583
	Fidelity VIP Growth Portfolio ("FL8")				1,979
Franklin Templeton Variable Insurance Products Trust					
	Franklin Templeton Growth Securities Fund ("FTG")				110
	Franklin Templeton Foreign Securities Fund ("FTI")				3,678
PIMCO Variable Insurance Trust					
	PIMCO High Yield Portfolio ("PHY")				186
	PIMCO Emerging Markets Bond Portfolio ("PMB")				424
	PIMCO Real Return Portfolio ("PRR")				53
	PIMCO Total Return Portfolio ("PTR")				3,456
	PIMCO Low Duration Fund ("PLD") [d]				2,111
Scudder VIT Funds					
	Scudder VIT Small Cap Index Fund ("SSC")				324
	Scudder VIT EAFE Equity Index ("SEE")				69
Scudder Variable Series II					
	SVS Dreman Small Cap Value Portfolio ("SCV") [d]				-
Delaware Variable Insurance Products Trust					
	VIP Growth Opportunities Series ("DGO") [d]				-

Dreyfus Investment Portfolios			
MidCap Stock Portfolio ("DMC") [d]			2,031
Lord Abbett Series Fund, Inc.			
Growth and Income Portfolio ("LA1") [d]			-
Mid-Cap Value Portfolio ("LA2") [d]			-
Oppenheimer Variable Account Funds			
Capital Appreciation Fund ("OCF") [d]			-
Van Kampen Life Insurance Trust			
LIT Growth & Income Portfolio ("VGI") [d]			-
T. Rowe Price Equity Series, Inc.			
T.Rowe Price Blue Chip Growth Portfolio ("TBC") [d]			1,181

[a] Effective May 1, 2002, the following funds names changed from Aim V.I. Growth and Income, Aim V.I. International Equity and Aim V.I. Value Fund to Aim V.I. Core Equity, Aim V.I. International Growth and Aim V.I. Premier Equity Fund, respectively.

[b] Effective May 1, 2003, Alliance Variable Products Series Fund, Inc. is renamed to AllianceBernstein Variable Product Series Fund, Inc.

[c] The Board of Trustees of Sun Capital Advisers Trust voted to terminate and liquidate these funds, effective August 6, 2004. Investments held in these funds on the date of liquidation were transferred to the Fidelity VIP Money Market Portfolio.

[d] The effective date of these investment options in Variable Account I is August 6, 2004.

[e] As of August 6, 2004, AIM V.I. Core Equity Fund, AIM V.I. Growth Fund, AIM V.I. Premier Equity Fund, AllianceBernstein VP Technology Portfolio, INVESCO VIF Dynamics Fund, INVESCO VIF Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging GrowthSeries were no longer open to new premium or transfers.

[f] Effective October 15, 2004, INVESCO Variable Investment Funds, Inc. is renamed AIM Variable Insurance Funds. INVESCO VIF Dynamics Fund is renamed AIM V.I. Dynamics Fund and INVESCO VIF Small Company Growth Fund is renamed AIM V.I. Small Company Growth Fund.

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements - continued

(4) Investment Purchases and Sales

The following table shows the aggregate cost of mutual fund shares purchased and proceeds from the sale of mutual fund shares sold for each Sub-Account for the year ended December 31, 2004.

		Purchases		Sales

AIM Variable Insurance Funds, Inc.				
	V.I. Capital Appreciation Fund ("AIM1")		\$ 386,080	286,867
	V.I. Growth Fund ("AIM2") [e]		117,982	355,180
	V.I. Core Equity Fund ("AIM3") [a] [e]		124,069	256,628
	V.I. International Growth Fund ("AIM4") [a]		658,158	944,788
	V.I. Premier Equity Fund ("AIM5") [a] [e]		240,357	273,749
The Alger American Fund				
	Growth Portfolio ("AL1")		-	109,744
	Income and Growth Portfolio ("AL2")		4,868	165,376
	Small Capitalization Portfolio ("AL3")		-	15,711
	Mid Cap Growth Portfolio ("AL4") [d]		43,755	1,167
Goldman Sachs Variable Insurance Trust				
	CORE Small Cap Equity Fund ("GS2")		226,931	38,735
	CORE US Equity Fund ("GS3")		814,854	129,718
	Growth and Income Fund ("GS4")		230,299	43,491
	International Equity Fund ("GS5")		570,496	257,799
	Mid Cap Value Fund ("GS8") [d]		467,742	5,111
MFS/Sun Life Series Trust				
	Capital Appreciation Series ("CAS") [e]		42,246	63,176
	Massachusetts Investors Trust Series ("CGS")		764,711	339,888
	Emerging Growth Series ("EGS") [e]		82,652	345,512
	Government Securities Series ("GSS")		1,016,134	1,002,038

High Yield Series ("HYS")		834,883		981,009
Massachusetts Investors Growth Stock Series ("MIS")		412,806		244,818
New Discovery Series ("NWD")		415,092		418,694
Total Return Series ("TRS")		941,423		911,438
Utilities Series ("UTS")		283,429		122,296
Value Series ("EIS") [d]		320,300		23,942
OCC Accumulation Trust				
Equity Portfolio ("OP1")		7,461		170,231
Mid Cap Portfolio ("OP2")		23,538		63,656
Small Cap Portfolio ("OP3")		225		110,202
Managed Portfolio ("OP4")		601		17,681
Sun Capital Advisers Trust				
Sun Capital Money Market Fund ("SCA1")		1,127,272		955,548
Sun Capital Investment Grade Bond Fund ("SCA2")		1,086,359		2,340,235
Sun Capital Real Estate Fund ("SCA3")		1,054,597		450,626
Sun Capital Select Equity Fund ("SCA4") [c]		247,393		679,725
Sun Capital Blue Chip Mid-Cap Fund ("SCA5")		1,010,766		1,890,834
Sun Capital Investors Foundation Fund ("SCA6") [c]		120,458		505,202
Sun Capital Davis Venture Value Fund ("SCA7")		863,877		109,824
Sun Capital Davis Financial Fund ("SCA8") [c]		17,712		176,652
Sun Capital Value Equity Fund ("SCA9") [c]		521,450		2,341,214
Sun Capital Value Mid Cap Fund ("SCA ") [c]		274,350		1,024,722

Sun Capital Value Small Cap Fund ("SCB")		1,284,648		1,676,265
Sun Capital Value Managed Fund ("SCC") [c]		95,136		279,818
Sun Capital Neuberger Berman Mid Cap Value Fund ("SCH") [c]		317,955		837,101
Sun Capital Neuberger Berman Mid Cap Growth Fund ("SCI") [c]		103,907		503,362
Sun Capital Alger Growth Fund ("SCJ") [c]		662,526		2,007,907
Sun Capital Alger Income and Growth Fund ("SCK") [c]		167,894		864,457
Sun Capital Alger Small Capitalization Fund ("SCL") [c]		192,858		469,759
Sun Capital All Cap Fund ("SCM")		393,816		554,365

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(4) Investment Purchases and Sales - continued

		Purchases		Sales
AIM Variable Insurance Funds, Inc. [f]				
V.I. Dynamics Fund ("IV1") [e] [f]		116,054		116,275
V.I. Small Company Growth Fund ("IV2") [e] [f]		133,385		138,687
AllianceBernstein Variable Product Series Fund, Inc. [b]				
VP Technology Portfolio ("AN2") [e]		45,733		86,644
VP Growth and Income Portfolio ("AN3")		1,602,140		118,843
Fidelity Variable Insurance Products Fund				
Fidelity VIP Index 500 Portfolio ("FL4")		4,539,650		1,131,343
Fidelity VIP Money Market Portfolio ("FL5")		8,763,020		8,021,790

Fidelity VIP Contrafund™ Portfolio ("FL6")		1,033,008		449,724
Fidelity VIP Overseas Portfolio ("FL7")		1,879,885		453,846
Fidelity VIP Growth Portfolio ("FL8")		502,357		113,883
Franklin Templeton Variable Insurance Products Trust				
Franklin Templeton Growth Securities Fund ("FTG")		457,216		38,151
Franklin Templeton Foreign Securities Fund ("FTI")		1,745,993		439,906
PIMCO Variable Insurance Trust				
PIMCO High Yield Portfolio ("PHY")		582,314		139,471
PIMCO Emerging Markets Bond Portfolio ("PMB")		1,064,333		23,573
PIMCO Real Return Portfolio ("PRR")		890,117		270,779
PIMCO Total Return Portfolio ("PTR")		1,679,779		712,265
PIMCO Low Duration Fund ("PLD") [d]		3,576,739		117,736
Scudder VIT Funds				
Scudder VIT Small Cap Index Fund ("SSC")		1,191,222		215,519
Scudder VIT EAFE Equity Index ("SEE")		174,755		67,281
Scudder Variable Series II				
SVS Dreman Small Cap Value Portfolio ("SCV") [d]		151,691		4,957
Delaware Variable Insurance Products Trust				
VIP Growth Opportunities Series ("DGO") [d]		23,855		811
Dreyfus Investment Portfolios				
MidCap Stock Portfolio ("DMC") [d]		2,057,065		107,715
Lord Abbett Series Fund, Inc.				

Growth and Income Portfolio ("LA1") [d]		197,254		61,675
Mid-Cap Value Portfolio ("LA2") [d]		414,613		10,810
Oppenheimer Variable Account Funds				
Capital Appreciation Fund ("OCF") [d]		224,702		13,130
Van Kampen Life Insurance Trust				
LIT Growth & Income Portfolio ("VGI") [d]		150,145		2,555
T. Rowe Price Equity Series, Inc.				
T.Rowe Price Blue Chip Growth Portfolio ("TBC") [d]		1,670,966		47,496

[a] Effective May 1, 2002, the following funds names changed from Aim V.I. Growth and Income, Aim V.I. International Equity and Aim V.I. Value Fund to Aim V.I. Core Equity, Aim V.I. International Growth and Aim V.I. Premier Equity Fund, respectively.

[b] Effective May 1, 2003, Alliance Variable Products Series Fund, Inc. is renamed to AllianceBernstein Variable Product Series Fund, Inc.

[c] The Board of Trustees of Sun Capital Advisers Trust voted to terminate and liquidate these funds, effective August 6, 2004. Investments held in these funds on the date of liquidation were transferred to the Fidelity VIP Money Market Portfolio.

[d] The effective date of these investment options in Variable Account I is August 6, 2004.

[e] As of August 6, 2004, AIM V.I. Core Equity Fund, AIM V.I. Growth Fund, AIM V.I. Premier Equity Fund, AllianceBernstein VP Technology Portfolio, INVESCO VIF Dynamics Fund, INVESCO VIF Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging GrowthSeries were no longer open to new premium or transfers.

[f] Effective October 15, 2004, INVESCO Variable Investment Funds, Inc. is renamed AIM Variable Insurance Funds. INVESCO VIF Dynamics Fund is renamed AIM V.I. Dynamics Fund and INVESCO VIF Small Company Growth Fund is renamed AIM V.I. Small Company Growth Fund.

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(5) Unit Values

A summary of unit values and units outstanding as of December 31, 2004 and December 31, 2003, and December 31, 2002 and December 31, 2001, and Investment Income and Total Return percentages for the periods then ended, are shown below. No expense ratio is presented as all charges currently relating to Variable Account I are made directly to contract owner accounts through the redemption of units. An expense ratio represents the annualized contract expenses of the separate account, and includes only those expenses that result in a direct reduction to unit values.

Unit				
Fair Value		Investment	Total Return ***	
Units	[lowest to highest]	Net Assets	Income Ratio **	[lowest to highest]

V.I. Capital Appreciation Fund ("AIM1")

December 31, 2004	111,629	\$ 7.33 to \$ 9.19	\$ 979,175	- %	6.00 % to 6.63 %
December 31, 2003	99,063	6.91 to 8.67	828,821	-	28.77 to 29.52
December 31, 2002	91,280	5.36 to 6.73	593,724	-	(24.80) to (24.36)
December 31, 2001	54,664	7.12 to 8.95	471,575	-	(15.95) to (23.73)

V.I. Growth Fund ("AIM2")

December 31, 2004 [h]	112,323	5.08 to 8.27	760,747	-	7.59 to 8.23
December 31, 2003	150,908	4.72 to 7.64	920,979	-	30.48 to 31.24
December 31, 2002	166,107	3.61 to 5.82	774,841	-	(31.37) to (30.97)
December 31, 2001	83,015	5.26 to 8.43	529,402	0.34	(15.67) to (34.27)

V.I. Core Equity Fund ("AIM3")

December 31, 2004 [h]	153,704	7.69 to 9.34	1,297,259	0.93	8.33 to 8.97
December 31, 2003	170,920	7.09 to 8.57	1,336,477	1.10	23.70 to 24.42
December 31, 2002	159,842	5.73 to 6.89	999,784	0.41	(16.07) to (15.58)
December 31, 2001	126,715	6.82 to 8.16	919,654	0.06	(18.41) to (23.29)

V.I. International Equity Fund ("AIM4")

December 31, 2004	191,021	8.74 to 11.45	2,068,325	0.62	23.28 to 24.00
December 31, 2003	226,906	7.08 to 9.24	1,971,499	0.59	28.31 to 29.06
December 31, 2002	218,318	5.52 to 7.16	1,473,780	0.76	(16.17) to (15.67)
December 31, 2001	132,019	6.57 to 8.49	1,028,587	0.53	(15.14) to (23.98)

V.I. Premier Equity Fund ("AIM5")

December 31, 2004 [h]	108,115	8.04	869,052	0.45	5.77
December 31, 2003	114,028	7.60	868,442	0.34	25.08

December 31, 2002 [a]	106,705	6.08	648,320	0.51	30.26
December 31, 2001	18,318	8.71	159,584	0.31	(12.88)
The Alger American Fund					
Growth Portfolio ("AL1")					
December 31, 2004	67,519	7.18 to 8.19	515,807	-	4.88 to 5.50
December 31, 2003	82,632	6.84 to 7.81	606,158	-	34.37 to 35.16
December 31, 2002	105,755	5.09 to 5.81	580,116	0.04	(33.38) to (32.99)
December 31, 2001	115,562	7.63 to 8.72	945,983	0.22	(12.26) to (16.36)
Income and Growth Portfolio ("AL2")					
December 31, 2004	51,380	8.21 to 10.57	461,602	0.56	7.22 to 7.85
December 31, 2003	72,533	7.66 to 9.86	597,304	0.33	29.08 to 29.84
December 31, 2002	87,095	5.93 to 7.64	557,055	0.78	(31.50) to (31.10)
December 31, 2001	32,445	8.64 to 11.15	323,357	0.29	(12.94) to (14.82)
Small Capitalization Portfolio ("AL3")					
December 31, 2004	15,537	7.20 to 10.17	140,158	-	15.89 to 16.57
December 31, 2003	17,371	6.21 to 8.72	135,653	-	41.51 to 42.34
December 31, 2002	22,527	4.38 to 6.13	122,787	-	(26.65) to (26.22)
December 31, 2001	16,898	5.97 to 8.31	113,752	0.05	(16.92) to (29.93)
Mid Cap Growth Portfolio ("AL4")					
December 31, 2004 [g]	3,770	12.60	47,492	-	25.98
Goldman Sachs Variable Insurance Trust					
CORE Small Cap Equity Fund ("GS2")					
December 31, 2004	19,335	16.57 to 17.00	324,935	0.31	15.65 to 15.75
December 31, 2003	7,278	14.31 to 14.70	104,854	0.26	45.15 to 45.28

December 31, 2002	6,414	9.85 to 10.13	64,565	0.33	(15.46) to (15.39)
December 31, 2001	4,365	11.64 to 11.98	52,006	0.52	3.92 to 4.01
CORE US Equity Fund ("GS3")					
December 31, 2004	123,496	9.47 to 10.18	1,210,680	1.78	14.27 to 14.94
December 31, 2003	46,161	8.28 to 8.56	402,778	0.93	28.72 to 29.47
December 31, 2002	31,668	6.43 to 6.84	212,638	0.46	(22.35) to (21.89)
December 31, 2001	24,945	8.27 to 8.76	210,220	0.64	(12.38) to (12.46)
Growth and Income Fund ("GS4")					
December 31, 2004	35,174	10.94 to 11.48	391,361	2.19	18.10 to 18.21
December 31, 2003	17,603	9.26 to 9.71	163,772	1.49	23.64 to 23.74
December 31, 2002	12,714	7.49 to 7.85	96,192	1.71	(11.86) to (11.78)
December 31, 2001	9,336	8.50 to 8.89	79,607	0.71	(9.79) to (9.87)
International Equity Fund ("GS5")					
December 31, 2004	107,191	8.70 to 10.05	1,002,357	1.42	12.82 to 12.92
December 31, 2003	64,158	7.70 to 8.91	544,927	4.52	34.70 to 34.82
December 31, 2002	53,887	5.71 to 6.61	337,848	1.25	(18.81) to (18.74)
December 31, 2001	34,672	7.03 to 8.15	258,927	1.64	(22.65) to (22.72)
Mid Cap Value Fund ("GS8") [g]					
December 31, 2004	38,922	12.02 to 12.05	468,562	0.85	20.20 to 20.48
December 31, 2003	-	-	-	-	-
December 31, 2002	-	-	-	-	-
December 31, 2001	-	-	-	-	-

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(5) Unit Values - continued

	Unit				
		Fair Value		Investment	Total Return ***
	<u>Units</u>	<u>[lowest to highest]</u>	<u>Net Assets</u>	<u>Income Ratio **</u>	<u>[lowest to highest]</u>
MFS/Sun Life Series Trust					
Capital Appreciation Series ("CAS")					
December 31, 2004 [h]	58,760	6.68 to 7.85	456,379	0.06	10.37 to 11.02
December 31, 2003	61,954	6.04 to 7.09	432,410	-	27.96 to 28.71
December 31, 2002	58,126	4.72 to 5.54	319,913	0.17	(32.79) to (32.39)
December 31, 2001	51,688	7.02 to 8.24	422,377	0.38	(18.76) to (25.76)
Massachusetts Investors Trust Series ("CGS")					
December 31, 2004	255,401	9.14 to 9.50	2,402,768	0.92	11.33 to 11.99
December 31, 2003	202,404	8.21 to 8.48	1,718,235	1.08	22.12 to 22.83
December 31, 2002	171,309	6.72 to 6.90	1,184,056	0.96	(21.68) to (21.22)
December 31, 2001	131,832	8.59 to 8.76	1,151,890	0.21	(12.37) to (16.21)
Emerging Growth Series ("EGS")					
December 31, 2004 [h]	91,072	5.38 to 7.93	695,166	-	12.58 to 13.24
December 31, 2003	131,684	4.78 to 7.04	884,400	-	30.73 to 31.49
December 31, 2002	141,341	3.65 to 5.39	723,613	-	(34.53) to (34.15)
December 31, 2001	85,604	5.57 to 8.23	665,893	-	(21.65) to (34.96)
Government Securities Series ("GSS")					
December 31, 2004	207,719	12.20 to 13.58	2,578,231	5.05	3.15 to 3.76
December 31, 2003	216,241	11.76 to 13.16	2,604,745	4.09	1.55 to 2.15
December 31, 2002	188,842	11.51 to 12.96	2,228,605	4.57	9.16 to 9.80

December 31, 2001	76,148	10.48 to 11.87	858,658	3.81	4.81 to 6.93
High Yield Series ("HYS")					
December 31, 2004	172,603	12.69 to 13.25	2,274,083	8.03	8.91 to 9.54
December 31, 2003	200,016	11.64 to 12.09	2,411,709	8.24	20.73 to 21.44
December 31, 2002	172,449	9.63 to 9.96	1,711,051	8.78	2.10 to 2.70
December 31, 2001	35,060	9.43 to 9.70	335,886	6.72	(3.03) to 1.29
Massachusetts Investors Growth Stock Series ("MIS")					
December 31, 2004	147,809	6.90 to 8.23	1,179,938	0.07	8.97 to 9.61
December 31, 2003	126,687	6.33 to 7.55	916,040	-	22.67 to 23.39
December 31, 2002	81,106	5.16 to 6.15	480,213	0.13	(28.47) to(28.05)
December 31, 2001	67,463	7.20 to 8.60	567,999	0.13	(17.02) to (25.35)
New Discovery Series ("NWD")					
December 31, 2004	114,708	8.89 to 13.68	1,085,097	-	6.86 to 7.49
December 31, 2003	116,920	8.27 to 12.80	1,032,949	-	34.50 to 35.29
December 31, 2002	79,180	6.11 to 9.52	531,512	-	(33.82) to (33.43)
December 31, 2001	43,368	9.19 to 14.38	508,749	-	(5.60) to (8.15)
Total Return Series ("TRS")					
December 31, 2004	338,880	11.98 to 14.17	4,287,717	2.49	10.82 to 11.47
December 31, 2003	344,082	10.75 to 12.77	3,897,759	3.27	16.47 to 27.72
December 31, 2002	274,812	9.18 to 10.68	2,697,529	3.06	(100.00) to (5.69)
December 31, 2001	101,616	9.73 to 11.68	1,116,360	3.30	(2.71) to 0.02
Utilities Series ("UTS")					
December 31, 2004	70,699	10.29 to 12.93	808,395	2.01	29.61 to 30.37
December 31, 2003	57,320	7.89 to 9.97	482,718	4.21	35.46 to 36.26

December 31, 2002	47,288	5.79 to 7.36	308,086	3.71	(24.31) to (23.87)
December 31, 2001	35,481	7.61 to 9.73	329,851	3.82	(23.90) to (24.78)
Value Series ("EIS")					
December 31, 2004 [g]	28,237	11.58 to 11.61	327,493	-	15.82 to 16.09
OCC Accumulation Trust					
Equity Portfolio ("OP1")					
December 31, 2004	51,267	10.87 to 11.95	610,685	1.09	11.27 to 11.37
December 31, 2003	66,493	9.77 to 10.73	708,868	1.33	27.82 to 27.93
December 31, 2002	70,029	7.64 to 8.39	582,242	0.94	(21.87) to (21.80)
December 31, 2001	86,942	9.78 to 10.73	911,814	0.48	(7.48) to (7.56)
Mid Cap Portfolio ("OP2")					
December 31, 2004	6,314	18.41 to 22.98	139,580	0.10	18.64 to 18.74
December 31, 2003	9,543	15.50 to 19.37	171,651	-	31.65 to 31.77
December 31, 2002	12,424	11.77 to 14.71	170,197	-	(7.68) to (7.60)
December 31, 2001	16,855	12.73 to 15.94	260,292	0.13	5.94 to 6.03
Small Cap Portfolio ("OP3")					
December 31, 2004	22,473	19.24 to 19.78	440,215	0.05	17.19 to 17.29
December 31, 2003	28,428	16.42 to 16.87	476,584	0.05	41.82 to 41.94
December 31, 2002	31,605	11.58 to 11.88	372,684	0.07	(22.09) to (22.03)
December 31, 2001	34,918	14.86 to 15.24	526,159	0.46	7.70 to 7.79
Managed Portfolio ("OP4")					
December 31, 2004	2,258	11.37 to 11.80	25,755	1.60	10.12 to 10.21
December 31, 2003	3,811	10.33 to 10.70	40,081	1.92	21.04 to 21.15
December 31, 2002	4,691	8.53 to 8.83	40,526	1.74	(17.37) to (17.30)

December 31, 2001	4,392	10.32 to 10.68	45,649	0.22	(5.38) to (5.47)
Sun Capital Advisers Trust					
Sun Capital Money Market Fund ("SCA1")					
December 31, 2004	158,525	10.81 to 11.06	1,743,749	0.81	0.15 to 0.23
December 31, 2003	107,943	10.78 to 11.05	1,570,196	0.56	(0.04) to 0.05
December 31, 2002	151,139	10.78 to 11.05	1,656,791	1.12	0.54 to 0.62
December 31, 2001	150,330	10.71 to 10.99	1,638,592	3.21	2.98 to 3.07
Sun Capital Investment Grade Bond Fund ("SCA2")					
December 31, 2004	135,296	12.74 to 14.00	1,768,092	4.82	5.80 to 6.42
December 31, 2003	250,179	11.97 to 13.23	3,057,433	5.20	9.01 to 9.65
December 31, 2002	252,822	10.92 to 12.14	2,842,873	5.57	4.63 to 5.24
December 31, 2001	67,309	10.38 to 11.60	739,912	5.98	3.75 to 6.71

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(5) Unit Values - continued

Unit					
		Fair Value		Investment	Total Return ***
	<u>Units</u>	<u>[lowest to highest]</u>	<u>Net Assets</u>	<u>Income Ratio **</u>	<u>[lowest to highest]</u>
Sun Capital Real Estate Fund ("SCA3")					
December 31, 2004	122,604	21.00 to 26.19	2,650,303	1.65	32.54 to 33.32
December 31, 2003	93,289	15.75 to 19.76	1,521,942	-	35.16 to 35.95
December 31, 2002	73,335	11.59 to 14.62	891,543	6.36	3.44 to 4.04
December 31, 2001	21,077	11.14 to 14.13	276,034	7.76	11.39 to 12.01

Sun Capital Select Equity Fund ("SCA4")

December 31, 2004 [f]	-	-	-	-	(2.66) to (2.32)
December 31, 2003	55,608	7.24 to 8.83	447,516	0.28	30.21 to 30.98
December 31, 2002	70,649	5.56 to 6.78	459,923	0.19	(27.98) to (27.61)
December 31, 2001	35,742	7.71 to 9.42	327,222	0.74	(11.79) to (16.71)

Sun Capital Blue Chip Mid-Cap Fund ("SCA5")

December 31, 2004	153,718	12.65 to 20.00	2,164,285	-	15.47 to 16.14
December 31, 2003	237,573	10.89 to 17.32	2,846,103	-	35.30 to 36.09
December 31, 2002	193,905	8.00 to 12.80	1,754,504	-	(15.41) to (14.91)
December 31, 2001	67,161	9.41 to 15.13	825,789	-	(3.72) to (5.93)

Sun Capital Investors Foundation Fund ("SCA6")

December 31, 2004 [f]	-	-	-	-	(2.45) to (2.10)
December 31, 2003	45,776	8.55 to 9.18	386,783	0.74	28.45 to 29.20
December 31, 2002	41,906	6.65 to 7.15	281,909	0.57	(25.28) to (24.84)
December 31, 2001	18,094	8.88 to 9.56	166,101	0.46	(8.39) to (11.22)

Sun Capital Davis Venture Value Fund ("SCA7")

December 31, 2004	193,725	11.03	2,137,277	0.68	12.45
December 31, 2003	121,794	9.81	1,194,587	0.66	30.50
December 31, 2002	70,206	7.52	527,790	-	(16.24)
December 31, 2001 [a]	4,374	8.98	39,256	1.29	(10.24)

Sun Capital Davis Financial Fund ("SCA8")

December 31, 2004 [f]	-	-	-	0.63	(2.25)
December 31, 2003	16,450	9.97	164,189	0.48	34.42
December 31, 2002	8,718	7.42	64,655	0.21	(18.45)

December 31, 2001 [a]	3,681	9.09	33,473	-	(9.06)
Sun Capital Value Equity Fund ("SCA9")					
December 31, 2004 [f]	-	-	-	-	0.76 to 1.11
December 31, 2003	203,736	8.66 to 10.24	1,800,616	0.91	31.98 to 32.76
December 31, 2002	183,140	6.52 to 7.25	1,217,944	1.43	(27.47) to (22.45)
December 31, 2001 [a]	20,381	8.99	183,241	1.06	(10.09)
Sun Capital Value Mid Cap Fund ("SCA ")					
December 31, 2004 [f]	-	-	-	-	1.95 to 2.30
December 31, 2003	61,580	11.99 to 12.31	754,854	7.55	31.27 to 32.04
December 31, 2002	40,571	9.13 to 9.32	377,236	0.12	(8.65) to (5.95)
December 31, 2001 [a]	3,015	9.91	29,886	0.19	(0.86)
Sun Capital Value Small Cap Fund ("SCB")					
December 31, 2004	136,275	12.15 to 13.53	1,811,446	-	17.74 to 18.43
December 31, 2003	201,256	10.32 to 11.42	2,265,709	0.06	40.80 to 41.62
December 31, 2002	149,387	7.33 to 8.07	1,189,036	-	(26.70) to (20.61)
December 31, 2001 [a]	13,936	10.16	141,573	0.05	1.59
Sun Capital Value Managed Fund ("SCC")					
December 31, 2004 [f]	-	-	-	0.01	0.32 to 0.67
December 31, 2003	18,224	9.11 to 10.36	182,730	0.86	28.32 to 29.07
December 31, 2002	13,382	7.06 to 8.07	102,776	1.35	(21.43) to (19.31)
December 31, 2001 [a]	1,740	8.99	15,634	0.88	(10.13)
Sun Capital Neuberger Berman Mid Cap Value Fund ("SCH")					
December 31, 2004 [f]	-	-	-	0.02	5.22
December 31, 2003	43,441	11.67	504,184	0.12	36.35

December 31, 2002	21,341	8.56	182,604	0.22	(9.53)
December 31, 2001 [a]	2,023	9.46	19,134	0.84	(5.42)
Sun Capital Neuberger Berman Mid Cap Growth Fund ("SCI")					
December 31, 2004 [f]	-	-	-	-	(0.75)
December 31, 2003	54,479	7.39	403,015	-	29.08
December 31, 2002	21,525	5.73 to 10.96	123,258	-	(29.26) to 9.57
December 31, 2001 [a]	7,284	8.09	58,956	-	(19.06)
Sun Capital Alger Growth Fund ("SCJ")					
December 31, 2004 [f]	-	-	-	-	(5.87) to (5.54)
December 31, 2003	145,623	10.03 to 10.13	1,471,547	-	33.49 to 34.27
December 31, 2002 [c]	73,980	7.51 to 7.54	558,219	0.13	(24.89) to (24.59)
December 31, 2001	-	-	-	-	-
Sun Capital Alger Income and Growth Fund ("SCK")					
December 31, 2004 [f]	-	-	-	-	(2.02) to (1.68)
December 31, 2003	69,992	10.09 to 10.19	709,248	0.69	29.58 to 30.34
December 31, 2002 [c]	27,454	7.78 to 7.82	214,231	0.45	(22.12) to (21.82)
December 31, 2001	-	-	-	-	-
Sun Capital Alger Small Capitalization Fund ("SCL")					
December 31, 2004 [f]	-	-	-	-	(1.53) to (1.18)
December 31, 2003	27,562	11.03 to 11.14	304,330	-	42.66 to 43.50
December 31, 2002 [c]	14,223	7.73 to 7.77	110,295	-	(22.65) to (22.35)
December 31, 2001	-	-	-	-	-
Sun Capital All Cap Fund ("SCM")					
December 31, 2004	6,521	13.86	90,356	0.13	20.39

December 31, 2003	24,634	11.51	282,512	1.04	52.3
December 31, 2002 [c]	17,505	7.56	132,292	0.40	(24.43)
December 31, 2001	-	-	-	-	-

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(5) Unit Values - continued

	Unit				
	Fair Value			Investment	Total Return ***
	<u>Units</u>	<u>[lowest to highest]</u>	<u>Net Assets</u>	<u>Income Ratio **</u>	<u>[lowest to highest]</u>
AIM Variable Insurance Funds, Inc. [I]					
V.I. Dynamics Fund ("IV1")					
December 31, 2004 [h] [I]	38,477	8.19	315,286	-	13.34
December 31, 2003	38,780	7.23	280,977	-	37.82
December 31, 2002	28,387	5.25	148,911	-	(31.90)
December 31, 2001 [a]	5,772	7.70	44,460	-	(22.97)
V.I. Small Company Growth Fund ("IV2")					
December 31, 2004 [h] [I]	50,367	8.64	435,311	-	13.9
December 31, 2003	51,985	7.59	394,856	-	33.43
December 31, 2002	30,392	5.69	172,843	-	(31.11)
December 31, 2001 [a]	5,354	8.26	44,202	-	(17.44)
AllianceBernstein Variable Product Series Fund, Inc. [e]					
VP Technology Portfolio ("AN2")					
December 31, 2004 [h]	31,810	6.73	213,926	-	5.09

December 31, 2003	39,085	6.40	250,545	-	43.79
December 31, 2002	22,628	4.45	100,711	-	(41.81)
December 31, 2001 [a]	9,098	7.65	69,580	-	(23.52)

VP Growth and Income Portfolio ("AN3")

December 31, 2004	294,980	10.31	3,041,247	0.60	11.22
December 31, 2003	137,868	9.27	1,279,150	0.78	32.18
December 31, 2002	87,587	7.01	614,232	0.52	(22.27)
December 31, 2001 [a]	8,044	9.02	72,570	-	(9.79)

Fidelity Variable Insurance Products Fund

Fidelity VIP Index 500 Portfolio ("FL4")

December 31, 2004	1,007,408	9.69	9,765,021	1.03	10.51
December 31, 2003	619,237	8.77	5,436,616	1.03	28.27
December 31, 2002	357,682	6.84	2,445,800	0.89	(22.32)
December 31, 2001 [a]	131,695	8.8	1,159,303	-	(11.97)

Fidelity VIP Money Market Portfolio ("FL5")

December 31, 2004	918,254	10.57	9,703,636	1.15	1.10
December 31, 2003	869,135	10.45	9,001,425	0.88	0.90
December 31, 2002	772,471	10.36	8,001,083	1.59	1.61
December 31, 2001 [a]	602,506	10.2	6,142,786	1.05	1.95

Fidelity VIP ContrafundTM Portfolio ("FL6")

December 31, 2004	219,538	12.46	2,736,419	0.21	15.34
December 31, 2003	164,605	10.81	1,775,416	0.25	28.35
December 31, 2002	88,676	8.42	746,648	0.41	(9.42)
December 31, 2001 [a]	18,735	9.3	174,157	-	(7.04)

Fidelity VIP Overseas Portfolio ("FL7")

December 31, 2004	331,343	10.48	3,473,292	0.82	13.49
December 31, 2003	172,921	9.24	1,599,589	0.65	43.20
December 31, 2002	165,090	6.45	1,064,835	0.20	(20.34)
December 31, 2001 [a]	7,279	8.10	58,938	-	(19.03)

Fidelity VIP Growth Portfolio ("FL8")

December 31, 2004	135,289	8.06	1,090,579	0.12	3.26
December 31, 2003	85,991	7.81	674,737	0.15	32.78
December 31, 2002	68,738	5.88	404,118	0.08	(30.20)
December 31, 2001 [a]	12,198	8.42	102,742	-	(15.77)

Franklin Templeton Variable Insurance Products Trust

Franklin Templeton Growth Securities Fund ("FTG")

December 31, 2004	40,990	16.30	668,030	1.21	16.03
December 31, 2003	12,883	14.05	181,106	1.67	32.13
December 31, 2002 [d]	339	10.63	3,607	-	6.30
December 31, 2001	-	-	-	-	-

Franklin Templeton Foreign Securities Fund ("FTI")

December 31, 2004	176,214	16.44	2,896,736	1.06	18.53
December 31, 2003	87,810	13.87	1,215,035	1.87	32.21
December 31, 2002 [d]	494	10.49	5,182	-	4.90

PIMCO Variable Insurance Trust

PIMCO High Yield Portfolio ("PHY")

December 31, 2004	69,113	14.64	1,011,927	6.49	9.56
December 31, 2003	40,673	13.36	3	6.83	22.91

December 31, 2002 [d]	1,189	10.87	12,923	1.44	8.73
PIMCO Emerging Markets Bond Portfolio ("PMB")					
December 31, 2004	65,676	17.23	1,131,673	4.24	12.12
December 31, 2003	4,295	15.37	66,100	4.61	31.69
December 31, 2002 [d]	162	11.67	1,890	1.23	16.70
PIMCO Real Return Portfolio ("PRR")					
December 31, 2004	119,846	12.00	1,437,641	1.02	8.92
December 31, 2003	70,429	11.01	775,844	1.90	8.85
December 31, 2002 [d]	3,614	10.12	36,570	0.84	1.19
PIMCO Total Return Portfolio ("PTR")					
December 31, 2004	202,924	11.30	2,292,255	1.91	4.89
December 31, 2003	122,353	10.77	1,307,443	2.71	5.04
December 31, 2002 [d]	24,233	10.25	248,429	0.83	2.52
PIMCO Low Duration Fund ("PLD")					
December 31, 2004 [g]	345,073	10.03 to 10.05	3,468,358	0.62	0.55

Sun Life of Canada (U.S.) Variable Account I

Notes to Financial Statements

(5) Unit Values - continued

Unit					
Fair Value		Investment		Total Return ***	
<u>Units</u>	<u>[lowest to highest]</u>	<u>Net Assets</u>	<u>Income Ratio **</u>	<u>[lowest to highest]</u>	

Scudder VIT Funds

Scudder VIT Small Cap Index Fund ("SSC")

December 31, 2004	94,502	18.21	1,720,509	0.13	17.48
December 31, 2003	30,464	15.50	472,599	0.01	119.48
December 31, 2002 [d]	227	7.06	2,405	0.84	(29.39)
Scudder VIT EAFE Equity Index ("SEE")					
December 31, 2004	19,301	16.42	317,006	2.20	18.78
December 31, 2003 [j]	12,372	13.83	171,079	0.38	38.27
Scudder Variable Series II					
SVS Dreman Small Cap Value Portfolio ("SCV")					
December 31, 2004 [g]	12,881	12.19	157,077	-	21.95
Delaware Variable Insurance Products Trust					
VIP Growth Opportunities Series ("DGO")					
December 31, 2004 [g]	2,104	12.48	26,255	-	24.78
Dreyfus Investment Portfolios					
MidCap Stock Portfolio ("DMC")					
December 31, 2004 [g]	186,541	12.06 to 12.09	2,254,469	0.40	20.88
Lord Abbett Series Fund, Inc.					
Growth and Income Portfolio ("LA1")					
December 31, 2004 [g]	12,583	11.68	147,022	0.87	16.85
Mid-Cap Value Portfolio ("LA2")					
December 31, 2004 [g]	36,437	12.11	441,350	0.41	21.13
Oppenheimer Variable Account Funds					
Capital Appreciation Fund ("OCF")					
December 31, 2004 [g]	19,488	11.29	220,045	-	12.91
Van Kampen Life Insurance Trust					

LIT Growth & Income Portfolio ("VGI")

December 31, 2004 [g]	13,856	11.61	160,875	-	16.11
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T. Rowe Price Equity Series, Inc.

T.Rowe Price Blue Chip Growth Portfolio ("TBC")

December 31, 2004 [g]	157,775	11.6	1,830,113	0.64	16.00
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** These amounts represent the dividends, excluding distributions of capital gains, received by the Sub-Account from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses that result in the direct reduction in the unit values. The recognition of investment income by the Sub-Account is affected by the timing of the declaration of dividends by the underlying fund in which the Sub-Account invest. Balances have been annualized for sub-accounts in existence for less than one year.

*** These amounts represent the total return for the period indicated, including changes in the value of the underlying fund. The total return does not include any expenses assessed through the redemption of units; inclusion of these expenses The total return does not include any expenses assessed through the redemption of units; inclusion of these expenses in the calculation would result in a reduction in the total return presented. Investment options with a date notation indicate the effective date of that investment option in the Variable Account. The total return is calculated for the period indicated or from the effective date through the end of the reporting period.

[a] The effective date of these investment options in Variable Account I is May 1, 2001.

[c] The effective date of these investment options in the Variable Account I is May 1, 2002

[d] The effective date of these investment options in Variable Account I is October 1, 2002.

[e] Effective May 1, 2003, Alliance Variable Products Series Fund, Inc. is renamed to AllianceBernstein Variable Product Series Fund, Inc.

[f] Effective August 6, 2004, these funds were terminated and liquidated. Investments held in these funds on the date of liquidation were transferred to the Fidelity VIP Money Market Portfolio

[g] The effective date of these investment options in Variable Account I is August 6, 2004.

[h] As of August 6, 2004, AIM V.I. Core Equity Fund, AIM V.I. Growth Fund, AIM V.I. Premier Equity Fund, AllianceBernstein VP Technology Portfolio, INVESCO VIF Dynamics Fund, INVESCO VIF Small Company Growth Fund, MFS/Sun Life Capital Appreciation Series and MFS/Sun Life Emerging Growth Series were not open to new premium or transfers.

[I] Effective October 15, 2004, INVESCO Variable Investment Funds, Inc. was renamed AIM Variable Insurance Funds. INVESCO VIF Dynamics Fund is renamed AIM V.I. Dynamics Fund and INVESCO VIF Small Company Growth Fund is renamed AIM V.I. Small Company Growth Fund.

[j] For the period April 7, 2003 (Commencement of operations of Sub-Account) through December 31, 2003.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

For the years ended December 31,

	2004		2003		2002 Restated
Revenues					

Premiums and annuity considerations	\$ 58,820		\$ 60,518		\$ 43,574
Net investment income	1,134,257		1,208,750		1,185,210
Net derivative loss	(98,419)		(203,200)		(159,285)
Net realized investment gains (losses)	96,074		134,085		(38,966)
Fee and other income	357,011		319,596		390,691
Total revenues	1,547,743		1,519,749		1,421,224
Benefits and expenses					
Interest credited	673,442		783,999		704,690
Interest expense	128,522		120,905		106,043
Policyowner benefits	141,377		201,248		221,162
Other operating expenses	214,495		184,472		237,797
Amortization of deferred acquisition costs and value of business acquired	82,876		98,398		251,513
Total benefits and expenses	1,240,712		1,389,022		1,521,205
Income (loss) before income tax expense (benefit), minority interest and cumulative effect of change in accounting principles	307,031		130,727		(99,981)
Income tax expense (benefit):					
Federal	71,352		27,366		(59,449)

State	(98)	823	1,265
Income tax expense (benefit)	71,254	28,189	(58,184)
Net income (loss) before minority interest and cumulative			
effect of change in accounting principles	235,777	102,538	(41,797)
Minority interest share of income	5,561	-	-
Net income (loss) before cumulative effect of change in accounting principles	230,216	102,538	(41,797)
Cumulative effect of change in accounting principles, net of tax benefit of \$4,814 and \$4,064 in 2004 and 2003, respectively	(8,940)	(7,547)	-
Net income (loss)	\$ 221,276	\$ 94,991	\$ (41,797)

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

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

CONSOLIDATED BALANCE SHEETS

(in thousands except share data)

For the years ended December 31,

ASSETS	2004	2003
Investments		
Available-for-sale fixed maturities at fair value (amortized cost of \$16,207,312 and \$16,338,241 in 2004 and 2003, respectively)	\$ 16,692,987	\$ 16,858,414

Trading fixed maturities at fair value (amortized cost of \$1,408,618 and \$1,434,654 in 2004 and 2003, respectively)	1,491,028		1,527,619
Subordinated note from affiliate held-to-maturity (fair value of \$689,132 and \$699,069 in 2004 and 2003, respectively)	600,000		600,000
Short-term investments	23,957		24,662
Mortgage loans	1,465,896		972,102
Derivative instruments - receivable	566,401		403,437
Limited partnerships	304,809		330,562
Real estate	168,139		84,421
Policy loans	696,305		692,887
Other invested assets	791,541		60,837
Cash and cash equivalents	552,949		558,185
Total investments	23,354,012		22,113,126
Accrued investment income	279,679		285,224
Deferred policy acquisition costs	1,147,181		889,601
Value of business acquired	24,130		22,391
Goodwill	701,451		710,202
Receivable for investments sold	21,213		37,049
Reinsurance receivable	1,928,365		1,978,031
Other assets	111,131		129,458
Separate account assets	19,120,381		17,509,294
Total assets	\$ 46,687,543		\$ 43,674,376
LIABILITIES			

Contractholder deposit funds and other policy liabilities	\$ 18,846,238		\$ 18,329,570
Future contract and policy benefits	721,135		716,819
Payable for investments purchased	284,511		261,673
Accrued expenses and taxes	95,655		80,453
Deferred federal income taxes	64,610		18,897
Long-term debt	33,500		40,500
Long-term debt payable to affiliates	1,025,000		1,025,000
Partnership capital securities	607,826		607,826
Reinsurance payable to affiliate	1,697,348		1,741,962
Derivative instruments - payable	228,774		248,272
Other liabilities	1,010,006		224,769
Separate account liabilities	19,120,381		17,509,294
Total liabilities	43,734,984		40,805,035
Commitments and contingencies - Note 18			
Minority interest	5,561		-
STOCKHOLDER'S EQUITY			
Common stock, \$1,000 par value - 10,000 shares authorized; 6,437 shares issued and outstanding in 2004 and 2003	\$ 6,437		\$ 6,437
Additional paid-in capital	2,131,888		2,071,888
Accumulated other comprehensive income	180,638		227,681
Retained earnings	628,035		563,335
Total stockholder's equity	2,946,998		2,869,341

Total liabilities and stockholder's equity	\$ 46,687,543		\$ 43,674,376
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The accompanying notes are an integral part of the consolidated financial statements

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)
(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

For the years ended December 31,

	2004		2003		2002 Restated
Net income (loss)	\$ 221,276		\$ 94,991		\$ (41,797)
Other comprehensive income (loss)					
Net change in unrealized holding gains (losses) on					
available-for-sale securities, net of tax and policyholder amounts	23,103		158,442		208,297
Reclassification adjustments of realized investment (gains) losses into net income (loss)	(70,146)		(179,672)		34,767
Other comprehensive (loss) income	(47,043)		(21,230)		243,064
Comprehensive income	\$ 174,233		\$ 73,761		\$ 201,267

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

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)
(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

(in thousands)

For the years ended December 31,

			Accumulated		
		Additional	Other		Total
	Common	Paid-In	Comprehensive	Retained	Stockholder's
	Stock	Capital	Income	Earnings	Equity
Balance at December 31, 2001 - Restated	\$ 6,437	\$ 1,971,888	\$ 5,847	\$ 510,141	\$ 2,494,313
Net loss - Restated				(41,797)	(41,797)
Additional paid-in-capital - Restated		100,000			100,000
Other comprehensive income - Restated			243,064		243,064
Balance at December 31, 2002 - Restated	\$ 6,437	\$ 2,071,888	\$ 248,911	\$ 468,344	\$ 2,795,580
Net income				94,991	94,991
Other comprehensive loss			(21,230)		(21,230)
Balance at December 31, 2003	\$ 6,437	\$ 2,071,888	\$ 227,681	\$ 563,335	\$ 2,869,341
Net income				221,276	221,276

Additional paid-in-capital			60,000				60,000
Dividends						(156,576)	(156,576)
Other comprehensive loss					(47,043)		(47,043)
Balance at December 31, 2004	\$ 6,437		\$ 2,131,888		\$ 180,638	\$ 628,035	\$ 2,946,998

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

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

For the years ended December 31,

	2004		2003		2002 Restated
Cash Flows From Operating Activities:					
Net income (loss) from operations	\$ 221,276		\$ 94,991		\$ (41,797)
Adjustments to reconcile net income (loss) to net cash provided					
by (used in) operating activities:					
Income to minority interest	5,561		-		-
Amortization (accretion) of discount and premiums	82,123		112,761		58,246
Amortization of DAC and VOBA	82,876		98,398		251,513
Depreciation and amortization	3,025		1,730		1,876
Non cash derivative activity	(18,690)		144,091		231,131
Net realized (gains) losses on investments	(96,074)		(134,085)		38,966
Net losses (gains) on trading investments	7,237		(63,573)		(111,740)
Net change in unrealized and undistributed (gains) losses in private equity limited partnerships	(58,981)		15,789		17,186
Interest credited to contractholder deposits	671,101		781,834		701,505
Deferred federal income taxes (benefits)	72,648		43,029		(44,316)
Cumulative effect of change in accounting principles, net of tax	8,940		7,547		-

Changes in assets and liabilities:				
Deferred acquisition costs	(346,996)		(263,762)	(288,463)
Accrued investment income	5,545		(28,655)	(5,038)
Future contract and policy benefits	(42,530)		(854)	25,584
Other, net	211,882		127,056	(31,505)
Net sales (purchases) of trading fixed maturities	27,801		(60,321)	(369,794)
Net cash provided by operating activities	836,744		875,976	433,354
Cash Flows From Investing Activities:				
Sales, maturities and repayments of:				
Available-for-sale fixed maturities	10,472,377		13,004,400	11,137,476
Net cash from sale of subsidiary	39,687		1,500	3,331
Other invested assets	144,145		127,944	152,512
Mortgage loans	205,740		339,735	234,191
Real estate	-		14,275	6,036
Purchases of:				
Available-for-sale fixed maturities	(10,367,260)		(13,414,490)	(12,867,827)
Other invested assets	(910,784)		(4,926)	(233,255)
Mortgage loans	(698,776)		(338,627)	(249,867)
Real estate	(86,743)		(16,153)	(3,634)

Changes in other investing activities, net	728,637		5,100	(8,109)
Net change in policy loans	(3,418)		(10,858)	(3,406)
Net change in short-term investments	705		153,355	(81,713)
Net cash used in investing activities	\$ (475,690)		\$ (138,745)	\$ (1,914,265)

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

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

For the years ended December 31,

	2004		2003		2002 Restated
Cash Flows From Financing Activities:					
Deposits to contractholder deposit funds	\$ 2,552,431		\$ 2,461,677		\$ 3,627,924
Withdrawals from contractholder deposit funds	(2,867,815)		(3,411,004)		(3,116,836)
Net cash of SCA	(2,910)		-		-
Issuance of long-term debt	-		-		460,000
Net change in securities lending	-		-		(1,152,861)
Dividends paid to stockholder	(150,000)		-		-
Additional capital contributed	60,000		-		100,000

Other, net	42,004		(145,258)		149,967
Net cash provided by (used) in financing activities	(366,290)		(1,094,585)		68,194
Net change in cash and cash equivalents	(5,236)		(357,354)		(1,412,717)
Cash and cash equivalents, beginning of year	558,185		915,539		2,328,256
Cash and cash equivalents, end of year	\$ 552,949		\$ 558,185		\$ 915,539
<u>Supplemental Cash Flow Information</u>					
Interest paid	\$ 120,195		\$ 118,302		\$ 107,358

Supplemental Schedule of non-cash investing and financing activities

On June 30, 2004, the Company sold its interest in one of its consolidated variable interest entities ("VIEs"). As a result of the sale, bonds decreased by \$51.0 million, other liabilities decreased by \$11.1 million, deferred tax liability decreased by \$3.8 million, notes payable decreased by \$7.0 million and other invested assets decreased by \$0.6 million in a non-cash transaction.

On December 31, 2004, the Company distributed through a dividend to its parent, Sun Life of Canada (U.S.) Holdings, Inc., its interest in Sun Capital Advisers, Inc. As a result of the dividend, other assets decreased by \$5.2 million, other liabilities decreased by \$0.9 million and accrued expenses and taxes decreased by \$0.6 million in a non-cash transaction.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)
(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

For the years ended December 31, 2004, 2003 and 2002

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Sun Life Assurance Company of Canada (U.S.) (the "Company") is a stock life insurance company incorporated under the laws of Delaware. Its Executive Office mailing address is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481, Telephone (781) 237-6030. 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."

The Company and its subsidiaries are engaged in the sale of individual and group variable life insurance, individual and group fixed and variable annuities, group pension contracts, guaranteed investment contracts ("GICS"), group life, group disability, and group stop loss insurance. These products are distributed through individual insurance agents, financial planners, insurance brokers and broker-dealers to both the tax qualified and non-tax-qualified markets. The Company is authorized to transact business in 49 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. In addition, the Company's wholly-owned subsidiary, Sun Life Insurance and Annuity Company of New York ("SLNY"), is authorized to transact business in the State of New York.

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 and its subsidiaries are now indirect wholly-owned subsidiaries of Sun Life Financial Corp., and continue to be indirect wholly-owned subsidiaries of SLF.

On December 31, 2004, Sun Capital Advisers, Inc. ("SCA"), a registered investment adviser, was distributed in the form of a dividend to the Company's parent and became a consolidated subsidiary of the SLC - U.S. Ops Holdings. As a result of this transaction, SCA is no longer the Company's wholly-owned subsidiary. As of December 31, 2004, SCA's total assets were \$8.1 million. SCA's net income for the years ended December 31, 2004, 2003 and 2002, was \$1.9 million, \$0.7 million and \$1.1 million, respectively.

On June 30, 2004, the Company sold its interest in one of its consolidated variable interest entities ("VIEs") and recognized a gain of \$9.7 million. The Company received net cash proceeds of \$39.7 million and reduced consolidated assets and liabilities by \$51.6 million and \$21.9 million, respectively. The Company's net income related to this VIE for the year ended December 31, 2004, excluding the gain on the sale, was \$7.1 million.

On December 31, 2003, Keyport Life Insurance Company ("Keyport") was merged with and into the Company with the Company as the surviving entity. Prior to the merger, the Company and Keyport were both indirect wholly-owned subsidiaries of SLC - U.S. Ops Holdings. The merger had no effect on the existing rights and benefits of policyholders and contractholders from either company. The Company is licensed and authorized to write all business that was previously written by the Keyport.

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.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(A Wholly-Owned Subsidiary of Sun Life of Canada (U.S.) Holdings, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

For the years ended December 31, 2004, 2003 and 2002

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

GENERAL (CONTINUED)

The following summarizes the results of operations and total assets as of and for the year ended December 31, 2003 (in 000's):

	Keyport	SLUS	Surviving Entity
Total revenues	\$ 893,846	\$ 625,903	\$ 1,519,749
Total expenditures	764,596	624,426	1,389,022
Pretax income	129,250	1,477	130,727
Net income	\$ 76,452	\$ 18,539	\$ 94,991
Total Assets	\$ 21,132,604	\$ 22,541,772	\$ 43,674,376

The impact of the merger with Keyport decreased net income by \$22.6 million for the year ended December 31, 2002.

BASIS OF PRESENTATION

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

The consolidated financial statements include the accounts of the Company and its subsidiaries. As of December 31, 2004, the Company owned all of the outstanding shares of SLNY, Sun Benefit Services Company, Inc. ("SBSC"), Sun Life of Canada (U.S.) SPE 97-I, Inc. ("SPE 97-I"), Sun Life of Canada (U.S.) Holdings General Partner LLC ("the General Partner"), Clarendon Insurance Agency, Inc. ("Clarendon"), SLF Private Placement Investment Company I, LLC, Sun Parkaire Landing LLC, 7101 France Avenue Manager LLC and Independence Life and Annuity Company ("Independence Life").

The General Partner is the sole general partner in Sun Life of Canada (U.S.) Limited Partnership I ("the Partnership") and as a result, the Partnership is consolidated with the results of the Company. In addition, the Company consolidates certain investments in VIEs. The consolidation of the VIEs requires the Company to report the minority interest relating to the equity ownership not controlled by the Company.

SLNY is engaged in the sale of individual fixed and variable annuity contracts, variable universal life insurance, and group life, group disability insurance and stop loss contracts in its state of domicile, New York. SBSC is an inactive subsidiary. SPE 97-I was organized for the purpose of engaging in activities incidental to securitizing mortgage loans. The General Partner is the sole general partner of the Partnership. The Partnership was established to purchase subordinated debentures issued by the Company's parent, SLC U.S. Holdings, and to issue partnership capital securities to an affiliated business trust, Sun Life of Canada (U.S.) Capital Trust I, ("Capital Trust I"). Clarendon is a registered broker-dealer that acts as the general distributor of certain annuity and life insurance contracts issued by the Company and its affiliates. Independence Life is a life insurance company that sold variable and whole life insurance products.

All significant intercompany transactions have been eliminated in consolidation.

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 the fair value of financial instruments, goodwill, deferred policy acquisition costs ("DAC"), value of business acquired ("VOBA"), the liabilities for future contract and policyholder benefits and other than temporary impairments of investments. Actual results could differ from those estimates.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

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(in thousands)

For the years ended December 31, 2004, 2003 and 2002

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

FINANCIAL INSTRUMENTS

In the normal course of business, the Company enters into transactions involving various types of financial instruments, including cash equivalents, fixed maturity investments, mortgage loans, equity securities, off balance sheet financial instruments, 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 primarily include cash, commercial paper, money market investments and short-term bank participations. All such investments have maturities of three months or less when purchased and are considered cash equivalents for purposes of reporting cash flows.

The consolidated financial statements have been restated to reflect a reclassification of bank overdrafts of \$44.7 million and \$190.0 million as of December 31, 2003 and 2002, respectively.

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, trading or available-for-sale. In order for the security 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 are bought and held principally for the purpose of selling them in the near term are classified as trading. Trading securities are carried at aggregate fair value with changes in unrealized gains or losses reported as a component of net investment income. Securities that do not meet the held-to-

maturity or trading criterion are classified as available-for-sale. Available-for-sale securities are carried at fair value with the unrealized gains or losses reported in 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. 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 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 security for additional impairment, if necessary. Other-than-temporary impairments are reported as a component of net realized investment gains (losses).

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. Mortgage loans, which include primarily commercial first mortgages, 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.

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For the years ended December 31, 2004, 2003 and 2002

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

INVESTMENTS (CONTINUED)

Real estate investments are held for the production of income or held-for-sale. Real estate investments held for the production of income are carried at the lower of cost adjusted for accumulated depreciation or fair value. Depreciation of buildings and improvements is calculated using the straight-line method over the estimated useful life of the property, generally 40 to 50 years. Real estate investments held-for-sale are primarily acquired through foreclosure of mortgage loans. The cost of real estate that has been acquired through foreclosure is the estimated fair value less estimated costs to dispose at the time of foreclosure. Real estate investments are diversified by property type and geographic area throughout the United States.

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

Investments in private equity limited partnerships are accounted for on either the cost or equity method. The equity method of accounting is used for all partnerships in which the Company has an ownership interest in excess of 3%.

The Company uses derivative financial instruments including swaps, options and futures as a means of hedging exposure to interest rate, currency and equity price risk. Derivatives are carried at fair value and changes in fair value are recorded as a component of derivative income.

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 and real estate are included in net realized investment gains and losses.

Interest income 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, which vary with and are primarily related to the production of new business. Acquisition costs related to investment-type contracts, primarily deferred annuity and GICS, and universal and variable life products 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 when the Company revises the actual profits and its estimate of future gross profits to be realized from this group of products, including realized and unrealized gains and losses from investments.

Deferred policy acquisition costs ("DAC") for each product is reviewed to determine if it is recoverable from future income, including investment income. If such costs are determined to be unrecoverable, they are expensed at the time of determination. Although realization of 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 or total revenues discussed above are reduced.

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

DEFERRED POLICY ACQUISITION COSTS (CONTINUED)

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 (loss). DAC was reduced by \$172.9 million and \$132.3 million at December 31, 2004 and 2003, respectively, to reflect the unrealized gains and losses.

VALUE OF BUSINESS ACQUIRED

Value of business acquired ("VOBA") represents the actuarially-determined present value of projected future gross profits from policies in force at the date of their acquisition. This amount is amortized in proportion to the projected emergence of profits.

VOBA 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 (loss). VOBA was decreased by \$48.2 million and \$54.8 million at December 31, 2004 and 2003, respectively, to account for the unrealized investment gains and losses.

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 Keyport. 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 and indefinite-lived intangible assets during the second quarter of 2004 and concluded that these assets were not impaired.

In 2004, the Company finalized tax periods that predated the acquisition of Keyport. In accordance with the Emerging Issues Task Force ("EITF") Issue No. 93-7, "Uncertainties Related to Income Taxes in a Purchase Business Combinations," adjustments upon resolution of income tax uncertainties that predate or result from a purchase business combination should be recorded as an increase or decrease to goodwill regardless of the time that has elapsed since the acquisition date. The Company reduced goodwill by \$8.7 million in 2004 to record the difference between the estimated tax liability at the acquisition date and the final tax liability for closed tax years that predated the acquisition.

OTHER ASSETS

Property, equipment, leasehold improvements and capitalized software costs that are included in other assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated 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 leases or the estimated useful life of the improvements. Intangible assets are also included in other assets.

Intangible assets acquired primarily consist of state insurance licenses (\$5.1 million) that are not subject to amortization and approximately \$2.0 million of intangible assets relate to product rights that have a weighted-average useful life of 7 years.

POLICY LIABILITIES AND ACCRUALS

Contractholder deposit funds consist of policy values that accrue to the holders of universal life-type contracts and investment-related products such as deferred annuities, single premium whole life policies and GICS. The liabilities consist of deposits received plus interest credited, less accumulated policyholder charges, assessments and withdrawals. The liability is before the deduction of any applicable surrender charges.

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

POLICY LIABILITIES AND ACCRUALS (CONTINUED)

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.

Future contract and policy benefits are liabilities for traditional life, health and stop loss 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 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.

REVENUE AND EXPENSES

Premiums for traditional individual life products are considered revenue when due. Premiums related to group life, stop loss and group disability insurance are recognized as revenue pro-rata over the contract period. The unexpired portion of these premiums is recorded as unearned premiums. Revenue from universal life-type products and investment-related products includes charges for the 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.

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

Fees from investment advisory services are recognized as revenues when the services are provided.

INCOME TAXES

For the year ended December 31, 2004, the Company will participate in the consolidated federal income tax return with an affiliate, SLC - US Ops Holdings. 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, "Accounting for Income Taxes." These differences primarily result from policy reserves, policy acquisition expenses and unrealized gains or losses on investments. For the 2003 tax year, as in prior years, SLUS participated in the consolidated federal income tax return with SLC - U.S. Ops Holdings and other affiliates. For 2003 and 2002, Keyport filed a separate consolidated return with an affiliate, Independence Life.

SEPARATE ACCOUNTS

The Company has established separate accounts applicable to various classes of contracts providing for variable benefits. 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 and group qualified and non-qualified variable annuity contracts. Investment income and changes in mutual fund asset values are allocated to policyholders and therefore do not affect the operating results of the Company. Assets held in the separate accounts are carried at fair value and the investment risk of such securities is retained by the contractholder. The Company earns separate account fees for providing administrative services and bearing the mortality risks related to these contracts.

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

RECLASSIFICATIONS

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

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;

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

-Reporting and measuring the Company's interest in its separate accounts as investments.

Effect 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 \$8.9 million and reduced accumulated other comprehensive income by \$2.1 million. The decrease in net income was comprised of an increase in future contract and policy benefits (primarily for variable annuity contracts) of \$46.7 million, pretax, an increase in DAC of \$29.5 million, pretax, and the recognition of the unrealized gain on investments in separate accounts of \$3.5 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 principal in the accompanying financial statements from the amount previously reported in earlier quarters (\$0.9 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.

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:

Benefit Type		Account Balance	Net Amount at Risk	Average Attained Age
Minimum Death		\$ 16,894,237	\$ 2,423,320	65.7
Minimum Income		\$ 386,407	\$ 63,851	59.8
Minimum Accumulation or Withdrawal		\$ 884,843	\$ -	61.4

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1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

The following summarizes the reserve for the guaranteed minimum death benefit and income benefit at December 31, 2004:

	Guaranteed Minimum Death Benefit	Guaranteed Minimum Income Benefit	Total
Balance at January 1, 2004	\$ 45,250	\$ 1,457	\$ 46,707
Incurred guaranteed benefits	32,103	832	32,935
Paid guaranteed benefits	50,502	-	50,502
Interest	1,462	132	1,594
Balance at December 31, 2004	\$ 28,313	\$ 2,421	\$ 30,734

The liability for death and income benefit guarantees is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. The benefit ratio may be in excess of 100%. For guarantees in the event of death, benefits represent the current guaranteed minimum death payments in excess of the current account balance. For guarantees at annuitization, benefits represent the present value of the minimum guaranteed annuity benefits in excess of the current account balance.

Projected benefits and assessments used in determining the liability for guarantees are developed using models and stochastic scenarios that are also used in the development of estimated expected future gross profits. Underlying assumptions for the liability related to income benefits include assumed future annuitization elections based upon factors such as eligibility conditions and the annuitant's attained age.

The liability for guarantees will be re-evaluated periodically, and adjustments will be made to the liability balance through a charge or credit to policyowner benefits.

Guaranteed minimum accumulation benefits or withdrawal benefits are considered to be derivatives under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and are recognized at fair value through earnings. The guaranteed minimum accumulation or withdrawal benefit was a \$0.6 and \$2.8 million receivable at January 1, 2004 and December 31, 2004, respectively.

Interest in Separate Accounts

At December 31, 2003, the Company had \$11.7 million representing unconsolidated interests in its own separate accounts. These interests were recorded as separate account assets, with changes in fair value recorded through other comprehensive income. On January 1, 2004, the Company reclassified these interests to investments as a component of other invested assets.

Sales Inducements

The Company currently offers enhanced or bonus crediting rates to policyholders on certain of its annuity products. Through December 31, 2003, the expenses associated with certain of these bonuses were deferred and amortized. Others were expensed as incurred. Effective January 1, 2004, upon adoption of SOP 03-1, the expenses associated with offering a bonus are deferred and amortized over the life of the related contract in a pattern consistent with the amortization of DAC.

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For the years ended December 31, 2004, 2003 and 2002

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

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Other Accounting Pronouncements

Effective December 31, 2003, the Company adopted the disclosure requirements of 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.

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

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In January 2003, the Financial Accounting Standards Board (the "FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN No. 46"). In December 2003, the FASB issued a revised version of FIN 46 ("FIN 46R"), which incorporated a number of modifications and changes made to the original version. FIN 46R replaces the previously issued FIN No. 46 and, subject to certain special provisions, is effective no later than the first reporting period that ends after December 15, 2003 for entities considered to be special-purpose entities and no later than the end of the first reporting period that ends after March 15, 2004 for all other VIEs. Early adoption was permitted. The Company adopted FIN No. 46 and FIN 46R in the fourth quarter of 2003. Implementation of FIN No. 46 and FIN 46R resulted in the consolidation of two VIEs and increased total consolidated assets by \$67.8 million at December 31, 2003. As required by FIN No. 46 and FIN 46R, the difference between the carrying amount of the assets and the fair value of the VIEs resulted in a cumulative effect of change in accounting principles, net of tax, of \$7.5 million as of the date of adoption.

The Company does have a greater than or equal to 20% involvement in 10 VIEs at December 31, 2004. The Company is a creditor in 7 trusts, 2 limited liability companies and one special purpose entity that were used to finance commercial mortgages, franchise receivables, auto receivables and equipment used in utility generation. The Company's maximum exposure to loss related to all of these VIEs is the investments' carrying value, which was \$62.8 million at December 31, 2004. The notes mature between August 2005 and December 2035. See Note 4 for additional information with respect to leveraged leases which is not included above.

Consolidated VIE's increased total consolidated assets by \$64.3 million at December 31, 2004. The liabilities include a \$33.5 million note issued in June 2000. The note will mature on June 1, 2012. The interest rate on the note is the three-month LIBOR plus 1.75% for the period from June 23, 2000 to December 1, 2005 and LIBOR for the period from December 1, 2005 to June 1, 2012.

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2. MERGERS, ACQUISITIONS AND DISPOSITIONS

On December 31, 2004, SCA, a registered investment adviser and a wholly-owned subsidiary of the Company, was distributed in the form of a dividend to the Company's parent and became a consolidated subsidiary of SLC - U.S. Ops Holdings. As a result of this transaction, SCA is no longer the Company's wholly-owned subsidiary. As of December 31, 2004 and 2003, SCA's net assets were \$8.1 million and \$5.1 million, respectively. SCA's net income for the years ended December 31, 2004, 2003 and 2002, was \$1.9 million, \$0.7 million and \$1.1 million, respectively.

On June 30, 2004, the Company sold its interest in one of its consolidated VIEs and recognized a gain of \$9.7 million. The Company received net cash proceeds of \$39.7 and reduced consolidated assets and liabilities by \$51.6 million and \$21.9 million, respectively. The Company's net income related to this VIE for the year ended December 31, 2004, excluding the gain on the sale, was \$7.1 million.

On December 31, 2003, Clarendon merged with an affiliate, Keyport Financial Services Corp., with Clarendon as the surviving entity. KFSC was a wholly-owned subsidiary of Keyport.

On November 18, 2003, the Company sold its interest in its wholly-owned subsidiary, Vision Financial Corporation, for \$1.5 million. A loss of approximately \$1.0 million was realized on this transaction.

On April 1, 2003, Sun Life Financial Services Limited ("SLFSL"), a wholly-owned subsidiary of the Company, ceased operations and SLFSL was liquidated during the fourth quarter of 2003. SLFSL served as marketing administrator for the distribution of offshore products offered by SLOC, an affiliate.

On December 18, 2002, the Company sold its interest in its wholly-owned subsidiary, Sun Life of Canada (U.S.) Distributors, Inc. ("SLD") to another affiliate, Sun Life Financial (U.S.) Holdings, Inc., for \$10.5 million. No gain or loss was realized on this transaction. Effective January

1, 2003, SLD changed its name to MFS/Sun Life Financial Distributors, Inc. ("MFSLF") and thereafter Massachusetts Financial Services Company ("MFS"), an affiliate of the Company, acquired a 50% ownership interest in MFSLF. Total net loss of SLD for the year ended December 31, 2002 was \$4.8 million. Effective January 1, 2005, MFSLF changed its name to Sun Life Financial Distributors, Inc. ("SLFD").

On October 9, 2002, Keyport Benefit Life Insurance Company, which was a wholly-owned subsidiary of Keyport, merged with and into SLNY, with SLNY as the surviving entity. The merger had no effect on the existing rights and benefits of policyholders or contract holders from either company.

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3. SIGNIFICANT TRANSACTIONS WITH AFFILIATES

In 2003, the Company sold a \$100 million note from MFS, an affiliate, to another affiliate, Sun Life (Hungary) Group Financing Limited Liability Company ("Sun Life (Hungary) LLC"), for approximately \$109.1 million. The note was sold at a gain of \$9.1 million.

The Company and its subsidiaries have management services agreements with SLOC which provide that SLOC will furnish, as requested, certain services and facilities on a cost-reimbursement basis. Expenses under these agreements amounted to approximately \$24.4 million in 2004, \$73.3 million in 2003, and \$64.4 million in 2002.

The Company has an administrative services agreement with SLC - U.S. Ops Holdings, under which the Company provides administrative and investor services with respect to certain open-end management investment companies for which MFS serves as the investment adviser, and which are offered to certain of the Company's separate accounts established in connection with the variable annuity contracts issued by the Company. Amounts received under this agreement amounted to approximately \$22.8 million, \$21.3 million and \$24.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company leases office space to SLOC under lease agreements with terms expiring in September 2009 and options to extend the terms for each of twelve successive five year terms at fair market value of the fixed rent for the term, which is ending. Rent received by the Company under the leases amounted to approximately \$11.8 million, \$11.8 million, and \$11.7 million in 2004, 2003 and 2002, respectively. Rental income is reported as a component of net investment income.

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

In 2004, the Company declared and paid cash dividends in the amount of \$150.0 million and transferred via dividend its ownership of SCA valued at \$6.6 million to its parent, SLC - U.S. Ops Holdings. The Company did not make any dividend payments in 2003 or 2002.

On December 31, 2004 and September 24, 2002, the Company received a \$60.0 million and a \$100.0 million capital contribution, respectively, from its parent, SLC - U.S. Ops Holdings.

In 2004, the Company became a participant in a restricted share unit ("RSU") plan with its indirect parent, SLF. Under the RSU plan, participants are granted units that are equivalent to one common share of SLF stock and have a fair market value of a common share of SLF stock on the date of grant. RSUs earn dividend equivalents in the form of additional RSUs at the same rate as the dividends on common shares of SLF stock. The redemption value is the fair market value of an equal number of common shares of SLF stock. As of December 31, 2004, the Company incurred expenses of \$4.1 million.

In 2004, the Company became a participant in a performance share unit ("PSU") plan with its indirect parent, SLF. Under the PSU plan, participants are granted units that are the equivalent to one SLF common share and have a fair market value of a SLF common share on the date of grant. PSUs earn dividend equivalents in the form of additional PSUs at the same rate as the dividends on SLF's common shares. No PSUs will vest or become payable unless SLF meets certain threshold targets with respect to specified performance targets. The plan provides

for an enhanced payout if SLF achieves superior levels of performance to motivate participants to achieve a higher return for shareholders. Payments to participants are based on the number of PSUs earned multiplied by the market value of SLF's common shares at the end of a three-year performance period. As of December 31, 2004, the Company incurred expenses of \$0.3 million relating to PSUs.

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3. SIGNIFICANT TRANSACTIONS WITH AFFILIATES (CONTINUED)

On July 25, 2002, the Company issued a \$380 million promissory note at 5.76% and an \$80 million promissory note at 5.71%, both maturing June 30, 2012 to an affiliate, Sun Life (Hungary) LLC. The Company pays interest semi-annually to Sun Life (Hungary) LLC. Total interest paid was \$26.5 million for the years ended December 31, 2004 and 2003, respectively, and \$11.5 million for the year ended December 31, 2002. The proceeds of the notes were used to purchase fixed rate government and corporate bonds.

Effective January 2002, all United States employees of SLOC became employees of the Company. As a result, the Company has assumed most of the salaries and benefits previously incurred by SLOC in the United States. In accordance with a management service agreement between the Company and SLOC, the Company provides personnel and certain services to SLOC, as requested. Reimbursements under this agreement, which are recorded as a reduction of other operating expenses, were approximately \$136.8 million, \$152.2 million and \$135.1 million for the years ended December 31, 2004, 2003 and 2002, respectively.

At December 31, 2004 and 2003, the Company had \$565 million of surplus notes issued to Sun Life Financial (U.S.) Finance, Inc., an affiliate of the Company. The Company expensed \$42.6 million for interest on these surplus notes for each of the years ended December 31, 2004, 2003 and 2002, respectively.

In 2004 and 2003, the Company purchased a total of \$140 million in promissory notes from MFS. These promissory notes are included with fixed maturities available-for-sale in the financial statements. The interest rates on these notes range from 2.988% to 3.512% and the terms are from 3-5 years. Interest earned for the periods ended December 31, 2004 and 2003 was \$4.0 million and \$0.6 million, respectively.

During the years ended December 31, 2004 and 2003, the Company paid \$35.0 million and \$14.6 million, respectively, in commission fees to an affiliate, SLFD, formerly known as MFSLF.

During the years ended December 31, 2004, 2003 and 2002, the Company paid \$45.1 million, \$64.5 million and \$79.4 million, respectively, in commission fees to Independence Financial Marketing Group, Inc., an affiliate.

Management believes inter-company 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.

The following table lists the details of notes due to affiliates at December 31, 2004 (in 000's):

Type	Principal	Maturity	Rate
Surplus	\$ 150,000	12/15/27	6.150%
Surplus	150,000	12/15/15	7.250%

Surplus	7,500	12/15/15	6.125%
Surplus	7,500	12/15/27	6.150%
Promissory	80,000	06/30/12	5.710%
Promissory	380,000	06/30/12	5.760%
Surplus	250,000	11/06/27	8.625%
	\$ 1,025,000		

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4. INVESTMENTS

Fixed Maturities

The amortized cost and fair value of fixed maturities was as follows:

	December 31, 2004			
		Gross	Gross	Estimated
	Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value
Available-for-sale fixed maturities:				
Asset Backed and Mortgage Backed Securities	\$ 5,250,374	\$ 106,024	\$ (33,560)	\$ 5,322,838
Foreign Government & Agency Securities	99,771	4,789	(21)	104,539
States & Political Subdivisions	1,212	50	-	1,262

U.S. Treasury & Agency Securities	573,446	12,539	(1,174)	584,811
Subordinated notes from affiliate	140,000	-	-	140,000
Corporate securities:				
Basic Industry	298,352	16,577	(1,649)	313,280
Capital Goods	667,459	38,995	(1,429)	705,025
Communications	1,428,598	61,135	(7,811)	1,481,922
Consumer Cyclical	1,341,480	51,605	(2,935)	1,390,150
Consumer Noncyclical	512,153	30,345	(367)	542,131
Energy	527,782	27,370	(711)	554,441
Finance	2,979,627	92,043	(14,145)	3,057,525
Industrial Other	311,829	11,198	(1,522)	321,505
Technology	57,867	2,774	(569)	60,072
Transportation	526,567	25,104	(9,549)	542,122
Utilities	1,490,795	83,231	(2,662)	1,571,364
Total Corporate	10,142,509	440,377	(43,349)	10,539,537
Total available-for-sale fixed maturities	\$ 16,207,312	\$ 563,779	\$ (78,104)	\$16,692,987
Trading fixed maturities:				
Asset Backed and Mortgage Backed Securities	\$ 121,729	\$ 4,427	\$ (1,051)	\$ 125,105
Foreign Government & Agency Securities	6,313	711	(11)	7,013
Corporate securities:				
Basic Industry	31,844	2,363	-	34,207
Capital Goods	48,839	2,939	-	51,778
Communications	177,288	10,753	(300)	187,741

Consumer Cyclical	198,733	10,684	(159)	209,258
Consumer Noncyclical	23,344	1,209	(13)	24,540
Energy	35,714	4,987	-	40,701
Finance	453,387	25,198	(973)	477,612
Industrial Other	46,089	3,034	(189)	48,934
Technology	3,802	302	-	4,104
Transportation	63,291	5,453	(3,107)	65,637
Utilities	198,245	16,154	(1)	214,398
Total Corporate	1,280,576	83,076	(4,742)	1,358,910
Total trading fixed maturities	\$ 1,408,618	\$ 88,214	\$ (5,804)	\$ 1,491,028
Held-to-maturity fixed maturities:				
Sun Life of Canada (U.S.) Holdings, Inc.,				
8.526% subordinated debt, due 2027	\$ 600,000	\$ 89,132	\$ -	\$ 689,132
Total held-to-maturity fixed maturities	\$ 600,000	\$ 89,132	\$ -	\$ 689,132

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4. INVESTMENTS (CONTINUED)

	December 31, 2003			
		Gross	Gross	Estimated

	Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value
Available-for-sale fixed maturities:				
Asset Backed and Mortgage Backed Securities	\$ 5,251,364	\$ 116,712	\$ (71,242)	\$ 5,296,834
Foreign Government & Agency Securities	82,774	13,696	(47)	96,423
States & Political Subdivisions	1,693	87	-	1,780
U.S. Treasury & Agency Securities	685,075	13,343	(8,316)	690,102
Subordinated notes from affiliate	80,000	-	(934)	79,066
Corporate securities:				
Basic Industry	497,699	25,760	(5,877)	517,582
Capital Goods	600,303	45,999	(1,477)	644,825
Communications	1,214,136	54,673	(7,378)	1,261,431
Consumer Cyclical	1,156,471	66,259	(3,973)	1,218,757
Consumer Noncyclical	551,144	39,761	(719)	590,186
Energy	568,786	33,235	(2,573)	599,448
Finance	2,896,392	120,219	(15,662)	3,000,949
Industrial Other	414,828	15,723	(2,768)	427,783
Technology	79,775	3,235	-	83,010
Transportation	579,351	29,589	(15,540)	593,400
Utilities	1,678,450	90,491	(12,103)	1,756,838
Total Corporate	10,237,335	524,944	(68,070)	10,694,209
Total available-for-sale fixed maturities	\$ 16,338,241	\$ 668,782	\$ (148,609)	\$ 16,858,414
Trading fixed maturities:				

Asset Backed and Mortgage Backed Securities	\$ 96,189	\$ 5,773	\$ (227)	\$ 101,735
Foreign Government & Agency Securities	5,227	893	(14)	6,106
Corporate securities:				
Basic Industry	67,321	7,696	(7)	75,010
Capital Goods	83,797	8,634	-	92,431
Communications	170,219	15,478	(222)	185,475
Consumer Cyclical	167,633	14,226	(609)	181,250
Consumer Noncyclical	40,623	1,065	(419)	41,269
Energy	80,957	6,478	(276)	87,159
Finance	323,412	27,219	(455)	350,176
Industrial Other	57,925	5,918	(62)	63,781
Technology	3,804	310	-	4,114
Transportation	76,614	6,112	(7,505)	75,221
Utilities	260,933	14,873	(11,914)	263,892
Total Corporate	1,333,238	108,009	(21,469)	1,419,778
Total trading fixed maturities	\$ 1,434,654	\$ 114,675	\$ (21,710)	\$ 1,527,619
Held-to-maturity fixed maturities:				
Sun Life of Canada (U.S.) Holdings, Inc.,				
8.526% subordinated debt, due 2027	\$ 600,000	\$ 99,069	\$ -	\$ 699,069
Total held-to-maturity fixed maturities	\$ 600,000	\$ 99,069	\$ -	\$ 699,069

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4. INVESTMENTS (CONTINUED)

The amortized cost and estimated fair value by maturity periods for fixed maturity investments are shown below. 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	Estimated Fair Value
Maturities of available-for-sale fixed securities:					
	Due in one year or less			\$ 654,144	\$ 659,961
	Due after one year through five years			3,032,715	3,108,642
	Due after five years through ten years			4,304,931	4,486,115
	Due after ten years			2,965,148	3,115,431
Subtotal - Maturities available-for-sale				10,956,938	11,370,149
Asset-backed securities				5,250,374	5,322,838
Total Available-for-sale				\$ 16,207,312	\$ 16,692,987
Maturities of trading fixed securities:					
	Due in one year or less			\$ 103,747	\$ 105,563
	Due after one year through five years			432,522	458,748
	Due after five years through ten years			497,186	528,518
	Due after ten years			253,434	273,094

	Subtotal - Maturities of trading	1,286,889	1,365,923
	Asset-backed securities	121,729	125,105
	Total Trading	\$ 1,408,618	\$ 1,491,028
	Maturities of held-to-maturity fixed securities:		
	Due after ten years	\$ 600,000	\$ 689,132

Gross gains of \$152.5 million, \$196.4 million and \$163.4 million and gross losses of \$45.4 million, \$44.9 million and \$134.9 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 \$10.9 million and \$18.6 million at December 31, 2004 and 2003, respectively, were on deposit with federal and state governmental authorities as required by law.

The Company had unfunded commitments with respect to funding of limited partnerships of approximately \$91.1 million and \$126.2 million at December 31, 2004 and 2003, respectively.

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4. INVESTMENTS (CONTINUED)

As of December 31, 2004 and 2003, 95.7% and 93.7%, respectively, 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 \$32.5 million, \$62.8 million and \$95.7 million, respectively, for other-than-temporary impairment of value of some of its fixed maturities after determining that not all of the unrealized losses were temporary in nature.

During 2004, 2003 and 2002, \$17.3 million, \$4.7 million and \$1.6 million, respectively, of the losses recorded in prior years were recovered through dispositions and are included in realized gains. The Company has discontinued accruing income on several of its holdings for issuers that are in default. The termination of accrual accounting on these holdings reduced income by \$7.0 million, \$10.1 million and \$2.5 million during 2004, 2003 and 2002, respectively.

The following table provides the fair value and gross unrealized losses of the Company's investments, which were deemed to be temporarily impaired, aggregated by investment category and length of time that individual securities have been in an unrealized loss position, at December 31, 2004:

	Less Than Twelve Months	Twelve Months Or More	Total
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<u>Corporate Securities</u>						
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Basic Industry	\$ 30,787	\$ (461)	\$ 23,104	\$ (1,188)	\$ 53,891	\$ (1,649)
Capital Goods	119,885	(938)	14,733	(491)	134,618	(1,429)
Communications	196,250	(4,153)	83,702	(3,658)	279,952	(7,811)
Consumer Cyclical	221,428	(2,478)	10,620	(457)	232,048	(2,935)
Consumer Noncyclical	60,192	(367)	-	-	60,192	(367)
Energy	26,575	(372)	7,100	(339)	33,675	(711)
Finance	693,913	(8,606)	146,825	(5,539)	840,738	(14,145)
Industrial Other	95,881	(938)	20,346	(584)	116,227	(1,522)
Technology	25,431	(569)	-	-	25,431	(569)
Transportation	39,596	(367)	95,630	(9,182)	135,226	(9,549)
Utilities	209,995	(1,965)	33,919	(697)	243,914	(2,662)
Total Corporate	1,719,933	(21,214)	435,979	(22,135)	2,155,912	(43,349)
<u>Non-Corporate</u>						
Asset Backed and Mortgage Backed Securities	1,358,934	(11,026)	283,699	(22,534)	1,642,633	(33,560)
Foreign Government & Agency Securities	2,459	(21)	-	-	2,459	(21)
U.S. Treasury & Agency Securities	233,308	(1,174)	-	-	233,308	(1,174)
Total Non-Corporate	1,594,701	(12,221)	283,699	(22,534)	1,878,400	(34,755)
Grand Total	\$ 3,314,634	\$ (33,435)	\$ 719,678	\$ (44,669)	\$ 4,034,312	\$ (78,104)

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4. INVESTMENTS (CONTINUED)

The following table provides the fair value and gross unrealized losses of the Company's investments, which were deemed to be temporarily impaired, aggregated by investment category and length of time that individual securities have been in an unrealized loss position, at December 31, 2003:

	Less Than Twelve Months		Twelve Months Or More		Total	
<u>Corporate Securities</u>						
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Basic Industry	\$ 82,585	\$ (5,877)	\$ -	\$ -	\$ 82,585	\$ (5,877)
Capital Goods	43,154	(1,283)	8,887	(194)	52,041	(1,477)
Communications	242,224	(6,548)	16,271	(830)	258,495	(7,378)
Consumer Cyclical	131,401	(2,725)	13,538	(1,248)	144,939	(3,973)
Consumer Noncyclical	59,880	(634)	4,775	(85)	64,655	(719)
Energy	66,595	(2,256)	7,746	(317)	74,341	(2,573)
Finance	386,695	(11,054)	209,576	(4,608)	596,271	(15,662)
Industrial Other	103,548	(1,880)	49,210	(888)	152,758	(2,768)
Transportation	83,546	(4,451)	84,352	(11,089)	167,898	(15,540)
Utilities	360,785	(10,218)	33,224	(1,885)	394,009	(12,103)
Total Corporate	1,560,413	(46,926)	427,579	(21,144)	1,987,992	(68,070)
<u>Non-Corporate</u>						

Asset Backed and Mortgage Backed Securities	1,121,105	(25,516)	287,666	(45,726)	1,408,771	(71,242)
Foreign Government & Agency Securities	3,850	(47)	-	-	3,850	(47)
U.S. Treasury & Agency Securities	222,365	(8,105)	9,735	(211)	232,100	(8,316)
Subordinated note from affiliate	79,066	(934)	-	-	79,066	(934)
Total Non-Corporate	1,426,386	(34,602)	297,401	(45,937)	1,723,787	(80,539)
Grand Total	\$2,986,799	\$ (81,528)	\$ 724,980	\$ (67,081)	\$3,711,779	\$ (148,609)

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 and overall industry and market conditions. Any deterioration in operating performance is assessed relative to the impact on financial ratios including leverage and coverage measures specific to an industry and relative to any investment covenants.

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4. INVESTMENTS (CONTINUED)

The Company's analysis also 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 committee meets and reviews the results of the Company's impairment analysis on a quarterly basis.

The following table provides the number of securities with gross unrealized losses, which were deemed to be temporarily impaired, at December 31, 2004 (not in thousands):

	Number of Securities Less Than Twelve Months	Number of Securities Twelve Months Or More	Total Number of Securities
<u>Corporate Securities</u>			

Basic Industry	6	2	8
Capital Goods	6	6	12
Communications	18	11	29
Consumer Cyclical	20	1	21
Consumer Noncyclical	8	0	8
Energy	4	2	6
Finance	62	14	76
Industrial Other	5	3	8
Technology	1	0	1
Transportation	36	31	67
Utilities	15	7	22
Total Corporate	181	77	258
<u>Non-Corporate</u>			
Asset Backed and Mortgage Backed Securities	278	91	369
Foreign Government & Agency Securities	2	0	2
U.S. Treasury & Agency Securities	27	0	27
Total Non-Corporate	307	91	398
Grand Total	488	168	656

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4. INVESTMENTS (CONTINUED)

The following table provides the number of securities with gross unrealized losses, which were deemed to be temporarily impaired, at December 31, 2003 (not in thousands):

	Number of Securities Less Than Twelve Months	Number of Securities Twelve Months Or More	Total Number of Securities
<u>Corporate Securities</u>			
Basic Industry	22	-	22
Capital Goods	10	4	14
Communications	58	3	61
Consumer Cyclical	21	4	25
Consumer Noncyclical	23	1	24
Energy	20	1	21
Finance	84	31	115
Industrial Other	13	3	16
Transportation	28	36	64
Utilities	72	11	83

Total Corporate	351	94	445
<u>Non-Corporate</u>			
Asset Backed and Mortgage Backed Securities	279	100	379
Foreign Government & Agency Securities	7	-	7
U.S. Treasury & Agency Securities	19	3	22
Subordinated note from affiliate	1	-	1
Total Non-Corporate	306	103	409
Grand Total	657	197	854

Mortgage Loans and Real Estate

The Company invests in commercial first mortgage loans and real estate throughout the United States. Investments are diversified by property type and geographic area. 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. Real estate investments classified as held-for-sale have been obtained primarily through foreclosure.

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4.

INVESTMENTS (CONTINUED)

MORTGAGE LOANS AND REAL ESTATE

The carrying value of mortgage loans and real estate investments, net of applicable reserves and accumulated depreciation, was as follows:

			December 31,	
			2004	2003
Total mortgage loans			\$ 1,465,896	\$ 972,102
Real estate:				
	Held-for-sale		628	628
	Held for production of income		167,511	83,793
Total real estate			\$ 168,139	\$ 84,421

Accumulated depreciation on real estate was \$19.1 million and \$16.3 million at December 31, 2004 and 2003, respectively.

The Company monitors the condition of the mortgage loans in its portfolio. In those cases where mortgages have been restructured, values are impaired or values are impaired but mortgages are performing, appropriate allowances for losses have been made. The Company has restructured mortgage loans, impaired mortgage loans and impaired but performing mortgage loans totaling \$16.5 million and \$19.5 million at December 31, 2004 and 2003, respectively, against which there are allowances for losses of \$7.6 million and \$6.4 million, respectively.

The investment valuation allowances were as follows:

	Balance at			Balance at
	January 1,	Additions	Subtractions	December 31,
2004				
Mortgage loans	\$ 6,365	\$ 1,530	\$ (249)	\$ 7,646
2003				
Mortgage loans	\$ 7,098	\$ 200	\$ (933)	\$ 6,365

Mortgage loans and real estate investments comprise the following property types and geographic regions at December 31:

	2004	2003
Property Type:		

Office building	\$ 620,273	\$ 428,312
Residential	89,831	27,427
Retail	619,021	356,080
Industrial/warehouse	237,020	181,195
Other	75,536	69,874
Valuation allowances	(7,646)	(6,365)
Total	\$ 1,634,035	\$ 1,056,523

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4.

INVESTMENTS (CONTINUED)

	2004	2003
Geographic region:		
Arizona	\$ 45,753	\$ 32,083
California	137,387	77,832
Colorado	33,096	15,015
Connecticut	32,973	34,177

Delaware	15,847	13,025
Florida	116,327	86,922
Georgia	78,360	39,681
Illinois	10,473	2,100
Indiana	16,203	17,962
Kentucky	15,015	7,224
Louisiana	21,531	23,578
Maryland	57,323	42,934
Massachusetts	137,535	135,722
Michigan	8,719	21,614
Minnesota	46,341	6,539
Missouri	32,323	11,250
Nebraska	5,368	5,554
Nevada	8,055	6,980
New Jersey	31,943	21,482
New Mexico	7,633	4,600
New York	232,312	121,069
North Carolina	39,831	30,362
Ohio	93,896	46,478
Oregon	6,391	5,225
Pennsylvania	102,767	85,474
Tennessee	26,714	19,388

Texas	136,237	34,342
Utah	28,528	20,921
Virginia	18,378	17,466
Washington	68,389	59,441
All other	30,033	16,448
Valuation allowances	(7,646)	(6,365)
Total	\$ 1,634,035	\$ 1,056,523

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

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4.

INVESTMENTS (CONTINUED)

At December 31, 2004, scheduled mortgage loan maturities were as follows:

2005	\$ 12,178
2006	15,550
2007	66,391
2008	48,625
2009	47,870
Thereafter	1,275,282
Total	\$ 1,465,896

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 amount to \$54.0 million and \$126.8 million at December 31, 2004 and 2003, respectively.

During 2004, 2003 and 2002, the Company sold commercial mortgage loans in securitization transactions. The mortgages were primarily sold to qualified special purpose entities that were established for the purpose of purchasing the assets and issuing trust certificates. In these transactions, the Company retained investment tranches, which are considered available-for-sale securities, in addition to servicing rights. The securitizations are structured so that investors have no recourse to the Company's other assets for failure of debtors to pay when due. The value of the Company's retained interests are subject to credit and interest rate risk on the transferred financial assets. The Company recognized pretax gains of \$3.0 million, \$24.6 million and \$4.5 million for its 2004, 2003 and 2002 securitization transactions, respectively.

Key economic assumptions used in measuring the retained interests at the date of securitization resulting from securitizations completed during the year ended December 31, 2004 were as follows:

	<u>Exeter I/O's</u>	Fairfield I/O's
Prepayment speed	-	-
Weighted average life in years	5.72-5.92	2.89-8.74
Expected credit losses	-	-
Residual cash flows discount rate	4.80%-4.84%	4.43%-5.28%
Treasury rate interpolated for average life	3.35%-3.39%	3.18%-4.03%
Spread over treasuries	1.45%	1.25%
Duration in years	6.64-10.14	1.45-4.92

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4.

INVESTMENTS (CONTINUED)

Key economic assumptions and the sensitivity of the current fair value of cash flows in those assumptions at December 31, 2004 were as follows:

Commercial Mortgages		
	<u>Exeter I/O's</u>	<u>Fairfield I/O's</u>
Amortized cost of retained		
Interests	\$ 897	\$ 1,360
Fair value of retained interests	1,031	1,535
Weighted average life in years	6.06-9.56	1.45-4.92

Expected Credit Losses

Fair value of retained interest as a result of a .20% of adverse change	1,030	1,534
Fair value of retained interest as a result of a .30% of adverse change	1,030	1,533

Residual Cash flows Discount Rate

Fair value of retained interest as a result of a 10% of adverse change	1,015	1,522
Fair value of retained interest as a result of a 20% of adverse change	1,012	1,518

The outstanding principal amount of the securitized commercial mortgage loans was \$18.7 million at December 31, 2004, none of which were 60 days or more past due. There were no net credit losses incurred relating to the securitized commercial mortgage loans at the dates of securitization through December 31, 2004.

Key economic assumptions used in measuring the retained interests at the dates of securitizations completed during the year ended December 31, 2003 were as follows:

	<u>Class C</u>	<u>Class D</u>	<u>Class E</u>
Prepayment speed	-	-	-
Weighted average life in years	14.123	14.63	14.84
Expected credit losses	-	-	-

Residual cash flows discount rate	5.65%	5.77%	5.92%
Treasury rate interpolated for average life	4.37%	4.39%	4.40%
Spread over treasuries	1.28%	1.38%	1.52%
Duration in years	20.46	20.55	20.66

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4. INVESTMENTS (CONTINUED)

Key economic assumptions and the sensitivity of the current fair value of cash flows in those assumptions at December 31, 2004 were as follows:

	Commercial Mortgages		
	<u>Class C</u>	<u>Class D</u>	<u>Class E</u>
Amortized cost of retained			
Interests	\$ 10,664	\$ 2,404	\$ 2,443
Fair value of retained interests	12,122	2,735	2,780
Weighted average life in years	19.68	19.76	19.87
Expected Credit Losses			
Fair value of retained interest as a result of a .20% of adverse change	12,116	2,733	2,778
Fair value of retained interest as a result of a .30% of adverse change	12,112	2,732	2,777

Residual Cash flows Discount Rate

Fair value of retained interest as a result of a 10% of adverse change	11,662	2,629	2,672
Fair value of retained interest as a result of a 20% of adverse change	11,225	2,528	2,570

The outstanding principal amount of the securitized commercial mortgage loans was \$417.8 million at December 31, 2004, none of which were 60 days or more past due. There were no net credit losses incurred relating to the securitized commercial mortgage loans at the date of securitization through December 31, 2004.

Key economic assumptions used in measuring the retained interests at the dates of securitizations completed during the year ended December 31, 2002 were as follows:

	Class AA	Class A	Class BBB
Prepayment speed	0	0	0
Weighted average life in years	6.532	6.843	8.417
Expected credit losses	-	-	-
Residual cash flows discount rate	6.06%	6.51%	7.56%
Treasury rate interpolated for average life	4.57%	4.60%	4.68%
Spread over treasuries	1.49%	1.91%	2.88%
Duration in years	5.22	5.263	6.013

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4. INVESTMENTS (CONTINUED)

Key economic assumptions and the sensitivity of the current fair value of cash flows in those assumptions at December 31, 2004 were as follows:

Commercial Mortgages

	<u>Class AA</u>	<u>Class A</u>	<u>Class BBB</u>
Amortized cost of retained			
Interests	\$ 2,370	\$ 1,133	\$ 1,614
Fair value of retained interests	2,605	1,245	1,777
Weighted average life in years	3.85	4.02	4.88

Expected Credit Losses

Fair value of retained interest as a result of a .20% of adverse change	2,604	1,245	1,756
Fair value of retained interest as a result of a .30% of adverse change	2,604	1,245	1,666

Residual Cash flows Discount Rate

Fair value of retained interest as a result of a 10% of adverse change	2,554	1,221	1,739
Fair value of retained interest as a result of a 20% of adverse change	2,504	1,196	1,703

The outstanding principal amount of the securitized commercial mortgage loans was \$234.6 million at December 31, 2004, none of which were 60 days or more past due. There were no net credit losses incurred relating to the securitized commercial mortgage loans at the date of securitization through December 31, 2004.

Securities Lending

The Company is engaged in certain securities lending transactions, which require the borrower to provide collateral, primarily consisting of cash and government securities, on a daily basis, in amounts in excess of 100% of the fair value of the applicable securities loaned. We maintain effective control over all loaned securities and, therefore, continue to report such securities as fixed maturities in the Consolidated Balance Sheet.

Cash collateral received on securities lending transactions is reflected in other investing assets with an offsetting liability recognized in other liabilities for the obligation to return the collateral. Non-cash collateral, such as a security received by the Company, is not reflected in our assets in the Consolidated Balance Sheet as we have not repledged or sold the collateral. The fair value of collateral held and included in other invested assets is \$735.7 million at December 31, 2004.

Leveraged Leases

The Company is a lessor in a leverage lease agreement entered into on October 21, 1994, under which equipment having an estimated economic life of 25-40 years was originally leased for a term of 9.78 years. During 2001, the lease term was extended until 2010. The Company's equity investment in this VIE represented 22.9% of the purchase price of the equipment. The balance of the purchase price was furnished by third-party long-term debt financing, collateralized by the equipment, and is non-recourse to the Company. At the end of the lease term, the master lessee may exercise a fixed price purchase option to purchase the equipment. The leveraged lease is included as a part of other invested assets.

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4. INVESTMENTS (CONTINUED)

The Company's net investment in the leveraged lease is composed of the following elements:

	Year ended December 31,		
	2004		2003
Lease contract receivable	\$ 31,803		\$ 44,149 44,149
Less: non-recourse debt	(1,415)		(10,874)
Net Receivable	30,388		33,275
Estimated value of leased assets	21,420		21,420
Less: unearned and deferred income	(11,928)		(14,790)
Investment in leveraged leases	39,880		39,905
Less: fees	(138)		(162)
Net investment in leveraged leases	\$ 39,742		\$ 39,743

Derivatives

The Company uses derivative financial instruments for risk management purposes to hedge against specific interest rate risk, to alter investment rate exposures arising from mismatches between assets and liabilities, and to minimize the Company's exposure to fluctuations in interest rates, foreign currency exchange rates and general market conditions. The Company does not hold or issue any derivative instruments for trading purposes.

As a component of its investment strategy and to reduce its exposure to interest rate risk, the Company utilizes interest rate swap agreements. Interest rate swap agreements are agreements to exchange with a counterparty interest rate payments of differing character (e.g., fixed-rate payments exchanged for variable-rate payments) based on an underlying principal balance (notional principal) to hedge against interest rate changes. No cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counter-party at each interest payment date. The net payment is recorded as a component of derivative income (loss). Because the underlying principal is not exchanged, the Company's maximum exposure to counterparty credit risk is the difference in payments exchanged. The fair value of swap agreements are included with derivative instruments - receivable (positive position) or derivative instruments - payable (negative position) in the accompanying balance sheet.

The Company utilizes put options and futures on the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index") ("S&P", "S&P 500", and "Standard & Poor's" are trademarks of The McGraw Hill Companies, Inc. and have been licensed for use by the Company) and other indexes to hedge against stock market exposure inherent in the mortality and expense risk charges and guaranteed minimum death and living benefit features of the Company's variable annuities. The Company also purchases call options on the S&P 500 Index to economically hedge its obligation under certain fixed annuity contracts. Options are carried at fair value and are included with derivative instruments - receivable in the Company's balance sheet.

Standard & Poors indexed futures contracts are entered into for purposes of hedging equity-indexed products. The interest credited on these 1, 5, 7 and 10 year term products are based on the changes in the S&P 500 Index. On trade date, an initial cash margin is exchanged. Daily cash is exchanged to settle the daily variation margin and the offset is recorded in derivative income.

The Company utilizes currency forwards to hedge against changes in the exchange rate of U.S. dollars. The Company enters into single or multiple settlement forward contracts based on a spot rate determined at the trade date. Currency forwards are carried at fair value and are included with derivative instruments (positive position) or other liabilities (negative position) in the accompanying balance sheet.

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4. INVESTMENTS (CONTINUED)

The Company issues annuity contracts and GICS that contain a derivative instrument that is "embedded" in the contract. Upon issuing the contract, the embedded derivative is separated from the host contract (annuity contract or GIC) and is carried at fair value.

From the second quarter in 2000 until the second quarter in 2002, the Company marketed GICS to unrelated third parties. Each deal is highly-individualized but typically involves the issuance of foreign currency denominated contracts backed by cross currency swaps or equity-linked cross currency swaps. The combination of these swaps with interest rate swaps allows the Company to lock in U.S. dollar fixed rate payments for the life of the contract.

Included in derivative losses are losses on the translation of foreign currency denominated GIC liabilities of \$83.3 million, \$158.6 million and \$115.5 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company does not employ hedge accounting. The Company believes that its derivatives provide economic hedges and the cost of formally documenting hedge effectiveness in accordance with the provisions of SFAS No.133, "Accounting for Derivative Instruments," is not justified. As a result, all changes in the fair value of derivatives are recorded in the current period operations as a component of derivative income.

Net derivative income (loss) consisted of the following for the years ended December 31:

	2004	2003	2002 Restated
Net expense on swap agreements	\$ (62,514)	\$ (87,721)	\$ (74,699)
Change in fair value of swap agreements (interest rate, currency, and equity)	(43,977)	197,506	(159,093)
Change in fair value of options, futures and embedded derivatives	8,072	(312,985)	74,507

Total derivative losses	\$ (98,419)	\$ (203,200)	\$ (159,285)
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The Company is required to pledge and receive collateral for open derivative contracts. The amount of collateral required is determined by agreed upon thresholds with the counter-parties. The Company currently pledges cash and U.S. Treasury bonds to satisfy this collateral requirement. At December 31, 2004 and 2003, \$33.6 million and \$59.5 million, respectively, of fixed maturities were pledged as collateral and are included with fixed maturities.

The Company's underlying notional or principal amounts associated with open derivatives positions were as follows for the years ended December 31:

	2004			
	Notional		Fair Value	
	Principal		Asset (Liability)	
	Amounts			
Interest rate swaps		\$ 5,948,576		\$ (212,661)
Currency swaps		805,849		290,776
Equity swaps		250,207		28,254
Currency forwards		1,547		(81)
S&P 500 index call options		2,986,757		188,481
S&P 500 index put options		1,217,980		42,858
Total		\$ 11,210,916		\$ 337,627

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4. INVESTMENTS (CONTINUED)

	2003	
	Notional Principal Amounts	Fair Value Asset (Liability)
Interest rate swaps	\$ 5,892,626	\$ (229,925)
Currency swaps	805,211	238,212
Equity swaps	1,544,152	20,265
S&P 500 index call options	1,668,813	57,573
S&P 500 index put options	1,313,855	65,640
Total	\$ 11,224,657	\$ 151,765

5. NET REALIZED INVESTMENT GAINS AND LOSSES

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

		2004	2003	2002 Restated
Fixed maturities		\$ 108,603	\$ 159,474	\$ 38,814
Equity securities		3,375	(1,465)	2,378
Mortgage and other loans		858	25,528	4,648
Real estate		-	3,862	514
Short term investments		-	-	2
Other invested assets		(1,601)	4,800	8,815
Other than temporary declines		(32,494)	(62,834)	(95,714)
Sales of impaired assets		17,333	4,720	1,577
Total		\$ 96,074	\$ 134,085	\$ (38,966)

6. NET INVESTMENT INCOME

Net investment income consisted of the following for the years ended December 31:

		2004	2003	2002 Restated
Fixed maturities		\$ 1,030,973	\$ 1,114,949	\$ 1,080,965
Equity securities		-	-	484
Mortgage and other loans		83,986	76,259	75,024
Real estate		11,615	6,952	7,855
Policy loans		42,821	43,335	39,269
Other		(19,715)	(20,364)	(4,848)
	Gross investment income	1,149,680	1,221,131	1,198,749
	Less: Investment expenses	15,423	12,381	13,539
	Net investment income	\$ 1,134,257	\$ 1,208,750	\$ 1,185,210

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosure about Fair Value of Financial Instruments," excludes certain insurance liabilities and other non-financial instruments from its disclosure requirements. The fair value amounts presented herein do not include the expected interest margin (interest earnings over interest credited) to be earned in the future on investment-type products or other intangible items. Accordingly, the aggregate fair value amounts presented herein do not necessarily represent the underlying value to the Company. Likewise, care should be exercised in deriving conclusions about the Company's business or financial condition based on the fair value information presented herein.

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

			2004	2003
--	--	--	------	------

		Carrying	Estimated	Carrying	Estimated
		Amount	Fair Value	Amount	Fair Value
Financial assets:					
	Cash and cash equivalents	\$ 552,949	\$ 552,949	\$ 558,185	\$ 558,185
	Fixed maturities	18,784,015	18,873,147	18,986,033	19,085,102
	Equity Securities	1,006	1,006	1,452	1,452
	Short-term investments	23,957	23,957	24,662	24,662
	Mortgages	1,465,896	1,546,834	972,102	1,059,145
	Derivatives instruments - receivables	566,401	566,401	403,437	403,437
	Policy loans	696,305	696,305	692,887	692,887
	Separate accounts	19,120,381	19,120,381	17,509,294	17,509,294
Financial liabilities:					
	Policy Liabilities	18,846,238	17,677,082	18,329,570	17,565,100
	Derivative instruments - payables	228,774	228,774	248,272	248,272
	Long-term debt	33,500	33,500	40,500	32,953
	Long-term debt to affiliates	1,025,000	1,100,501	1,025,000	1,123,194
	Partnership Capital Securities	607,826	689,132	607,826	699,069
	Separate accounts	19,120,381	19,120,381	17,509,294	17,509,294

The following methods and assumptions were used by the Company in determining the estimated fair value of its financial instruments:

Cash and cash equivalents:

The fair values of cash and cash equivalents are estimated to be cost plus accrued interest.

Fixed maturities, short term investments, and equity securities

: 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 value of equity securities are based on quoted market prices.

Mortgage loans

: The fair values of mortgage and other 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.

Derivatives:

Fair value of swaps are based on current settlement values. The current settlement values are based on dealer quotes and market prices. Fair values for options and futures are based on dealer quotes and market prices.

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Policy loans

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

Separate accounts, assets and liabilities

: 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.

Policy liabilities

: The fair values of the Company's general account insurance reserves and 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. The fair values of other deposits with future maturity dates are estimated using discounted cash flows.

Long term debt

: The fair value of notes payable and other borrowings are estimated using discounted cash flow analyses based upon the Company's current incremental borrowing rates for similar types of borrowings.

8. REINSURANCE

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreement. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk. A brief discussion of the Company's reinsurance agreements by segment (see Note 14) follows.

Wealth Management Segment

The Wealth Management Segment currently does not offer traditional life insurance products; however, it manages a closed block of single premium whole life insurance policies ("SPWL"), a retirement-oriented tax-advantaged life insurance product. The Company discontinued sales of SPWL's in response to certain tax law changes in the 1980s. The Company had SPWL policyholder balances of approximately \$1.7 billion as of December 31, 2004 and 2003, respectively. On December 31, 2003, this entire block of business was reinsured on a funds withheld basis with SLOC, an affiliated company. By reinsuring the SPWL product, the Company reduced net investment income by \$91.2 million and interest credited by \$79.6 million for the twelve-month period ended December 31, 2004. In addition, the Company also increased net investment income by \$13.6 million relating to an experience rating refund under the reinsurance agreement. The liability for the SPWL policies is included in contractholder deposit funds and other policy liabilities.

Individual Protection Segment

The Company has agreements with SLOC and several unrelated companies, which provide for reinsurance of portions of the net-amount-at-risk under certain individual variable universal life, bank owned life insurance ("BOLI"), and corporate owned life insurance ("COLI") policies. These amounts are reinsured on either a monthly renewable or a yearly renewable term basis. Fee income was reduced by \$28.7 million and \$23.4 million for the years ended 2004 and 2003, respectively, to account for these agreements.

Effective October 1, 2004, the Company no longer acts as the reinsurer of risk under the lapse protection benefit for certain universal life contracts issued by SLOC.

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8. REINSURANCE (CONTINUED)

Group Protection Segment

The Company, through its affiliate SLNY, had an agreement with SLOC whereby SLOC reinsured the mortality risks of SLNY'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 mortality risks in excess of \$50,000 per claim for group life contracts ceded by SLNY. The treaty was commuted effective December 31, 2004.

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

The Company, through its affiliate SLNY, 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, through its affiliate SLNY, has an agreement with an unrelated company whereby the unrelated company reinsures the morbidity risks of SLNY'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 \$1.0 million per claim for stop loss contracts ceded by SLNY.

The Company, through its affiliate SLNY, has an agreement with an unrelated company whereby the unrelated company reinsures the morbidity risks of SLNY'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 in excess of \$4,000 per claim per month for long-term disability contracts ceded by SLNY.

The effects of reinsurance were as follows:

				For the Years Ended December 31,		
				2004	2003	2002 - Restated
Insurance premiums:						
	Direct			\$ 62,939	\$ 67,959	\$ 52,691
	Assumed			-	-	509
	Ceded			4,119	7,441	9,626
Net premiums				\$ 58,820	\$ 60,518	\$ 43,574
Insurance and other individual policy benefits and Claims:						
	Direct			\$ 170,381	\$ 230,384	\$ 225,287
	Assumed			-	-	-
	Ceded			29,004	29,136	4,125
Net policy benefits and claims				\$ 141,377	\$ 201,248	\$ 221,162

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 evaluates the financial condition of its reinsurers and monitors concentration of credit risk.

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9. RETIREMENT PLANS

Through December 31, 2001, the Company was a participant in two non-contributory defined benefit pension plans for employees sponsored by SLOC. Consistent with the transfer of all employees to the Company on January 1, 2002, the plans sponsorship for the employee retirement plan and the agent pension plan was transferred to the Company. Expenses are allocated to participating companies based on a manner consistent with the allocation of employee compensation expenses. The Company's funding policies for the pension plans are to contribute amounts which at least satisfy the minimum amount required by the Employee Retirement Income Security Act of 1974 ("ERISA"). Most pension plan assets consist of separate accounts of SLOC or other insurance company contracts.

The Company uses a measurement date of September 30 for its pension and other post retirement benefit plans.

The following table sets forth the change in the pension plans' (retirement plan and agent pension plan) projected benefit obligations and assets, as well as the plans' funded status at December 31:

		2004	2003
<u>Change in projected benefit obligation:</u>			
Projected benefit obligation at beginning of year		\$ 191,689	\$ 159,650
Service cost		9,873	8,954
Interest cost		12,118	10,494
Actuarial loss (gain)		7,039	16,876
Benefits paid		(5,280)	(5,333)
Plan amendments		-	-
Acquisitions		-	1,048
Projected benefit obligation at end of year		\$ 215,439	\$ 191,689
<u>Change in fair value of plan assets:</u>			

Fair value of plan assets at beginning of year	\$ 205,737	\$ 179,470
Other	(1,050)	(888)
Actual return on plan assets	34,144	32,059
Benefits paid	(5,280)	(5,333)
Acquisitions	-	429
Fair value of plan assets at end of year	\$ 233,551	\$ 205,737
Information on the funded status of the plan :		
Funded status	\$ 18,112	\$ 14,048
Unrecognized net actuarial loss	19,339	34,480
Unrecognized transition obligation	(13,443)	(16,494)
Unrecognized prior service cost	7,421	8,276
4th quarter contribution	(1,250)	(1,050)
Prepaid benefit cost	\$ 30,179	\$ 39,260

The accumulated benefit obligation at the end of 2004 and 2003 was \$188.9 million and \$169.0 million, respectively.

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(in thousands)

For the years ended December 31, 2004, 2003 and 2002

9. RETIREMENT PLANS (CONTINUED)

The funded status of the employee retirement plan was as follows:

	2004	2003
Plan assets	\$ 195,332	\$ 171,978
Projected benefit obligations	(206,748)	(183,227)
Funded status	\$ (11,416)	\$ (11,249)
Accumulated benefit obligation	\$ 180,201	\$ 160,227

The following table sets forth the components of the net periodic pension cost for the year ended December 31:

	2004	2003	2002
<u>Components of net periodic benefit cost:</u>			
Service cost	\$ 9,873	\$ 8,954	\$ 8,437
Interest cost	12,118	10,494	10,674
Expected return on plan assets	(17,704)	(14,358)	(18,395)
Amortization of transition obligation asset	(3,051)	(3,051)	(3,051)
Amortization of prior service cost	855	855	216

Recognized net actuarial loss	3,140	4,215	120
Net periodic benefit cost (benefit)	\$ 5,231	\$ 7,109	\$ (1,999)
The Company's share of net periodic benefit cost	\$ 4,272	\$ 5,522	\$ 3,834

Assumptions

Weighted average assumptions used to determine benefit obligations were as follows:

	Pension Benefits	
	2004	2003
Discount rate	6.2%	6.1%
Rate of compensation increase	4.0%	4.0%

The assumed weighted average discount rate was 6.75% for the year ended December 31, 2002. The expected return on plan assets was 8.75% and the assumed rate of compensation increase was 4.5% for 2002.

Weighted average assumptions used to determine net benefit cost were as follows:

	Pension Benefits		
	2004	2003	2002
Discount rate	6.1%	6.75%	7.00%
Expected long term return on plan assets	8.75%	8.75%	8.75%
Rate of compensation increase	4.0%	4.0%	4.5%

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

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For the years ended December 31, 2004, 2003 and 2002

9. RETIREMENT PLANS (CONTINUED)

The Company relies on historical market returns from Ibbotson Associates (1926-2002) to determine its overall long term rate of return on asset assumption. Applying Ibbotson's annualized market returns of 12% stock, 5.8% bonds and 3.8% cash to the Company's target allocation results in an expected return consistent with the one used by the Company for purposes of determining the benefit obligation.

Plan Assets

The asset allocation for the Company's pension plan assets for 2004 and 2003 measurement, and the target allocation for 2005, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets	
Asset Category	2005	2004	2003
Equity Securities	50%	61%	55%
Debt Securities	35%	27%	26%
Commercial Mortgages	15%	10%	15%
Other	0%	2%	4%
Total	100%	100%	100%

The target allocations were established to reflect the Company's investment risk posture and to achieve the desired level of return commensurate with the needs of the fund. The target ranges are based upon a three to five year time horizon and may be changed as circumstances warrant.

The portfolio of investments should, over a period of time, earn a gross annualized rate of return that:

- 1) exceeds the assumed actuarial rate;
- 2) exceeds the return of customized index created by combining benchmark returns in appropriate weightings based on an average asset mix of funds; and
- 3) generates a real rate of return of at least 3% after inflation, and sufficient income or liquidity to pay retirement benefits on a timely basis.

Equity securities include SLF common stock in the amount of \$4.2 million and \$3.0 million at December 31, 2004 and 2003, respectively.

Cash

Flow

Due to the over funded status of the defined benefit plan, the Company will not be making contributions to the plan in 2005.

401(k) Savings Plan

The Company sponsors and participates in a 401(k) savings plan for which substantially all employees of at least age 21 are eligible to participate at date of hire. Under the plan, the Company matches, up to specified amounts, the employees' contributions to the plan.

The amount of the 2004 employer contributions under plan sponsorship for the Company and its affiliates was \$4.5 million. Amounts are allocated to affiliates based on employees' contributions. The Company's portion of the expense was \$2.8 million, \$0.9 million and \$1.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

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9. RETIREMENT PLANS (CONTINUED)

Other Post-Retirement Benefit Plans

Through December 31, 2001, the Company was a participant in a post-retirement benefit pension plan for employees sponsored by SLOC providing certain health, dental and life insurance benefits ("post-retirement benefits") for retired employees and dependents. Consistent with the transfer of all employees to the Company on January 1, 2002, the plan's sponsorship was transferred to the Company. Expenses are allocated to participating companies based on the number of participants. Substantially all employees of the participating companies may become eligible for these benefits if they reach normal retirement age while working for the Company, or retire early upon satisfying an alternate age plus service condition. Life insurance benefits are generally set at a fixed amount.

The following table sets forth the change in other post-retirement benefit plans' obligations and assets, as well as the plans' funded status at December 31:

<u>Change in benefit obligation:</u>	2004	2003
Benefit obligation at beginning of year	\$ 51,278	\$ 35,981
Service cost	1,233	872
Interest cost	2,957	2,369
Actuarial (gain) loss	(4,583)	14,330
Benefits paid	(2,432)	(2,368)

Plan Amendments	-	-
Acquisitions	-	94
Benefit obligation at end of year	\$ 48,453	\$ 51,278
<u>Change in fair value of plan assets:</u>		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	2,432	2,368
Benefits paid	(2,432)	(2,368)
Fair value of plan assets at end of year	\$ -	\$ -
Information on the funded status of the plan:		
Funded Status	\$ (48,453)	\$ (51,278)
Unrecognized net actuarial loss	19,556	25,523
4th quarter contribution	628	639
Unrecognized prior service cost	(2,657)	(2,898)
Accrued benefit cost	\$ (30,926)	\$ (28,014)

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9. RETIREMENT PLANS (CONTINUED)

The following table sets forth the components of the net periodic post-retirement benefit costs for the year ended December 31:

		2004	2003
<u>Components of net periodic benefit cost</u>			
Service cost		\$ 1,233	\$ 872
Interest cost		2,957	2,369
Amortization of prior service cost		(241)	(241)
Recognized net actuarial loss		1,384	832
Net periodic benefit cost		\$ 5,333	\$ 3,832
The Company's share of net periodic benefit cost		\$ 4,180	\$ 2,917

Assumptions

Weighted average assumptions used to determine benefit obligations were as follows:

			Other Benefits	
			2004	2003
Discount Rate			6.2%	6.1%
Rate of Compensation increase			4.0%	4.0%

Weighted average assumptions used to determine net cost for year-end December 31, 2004 and December 31, 2003 were as follows:

	Other Benefits	
	2004	2003
Discount rate	6.1%	6.75%
Rate of compensation increase	4.0%	4.0%

In order to measure the post-retirement benefit obligation for 2004, the Company assumed an 11% annual rate of increase in the per capita cost of covered health care benefits. In addition, medical cost inflation is assumed to be 10% in 2005 and assumed to decrease gradually to 5.00% for 2010 and remain at that level thereafter. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effect:

1- Percentage-Point 1- Percentage-Point

	Increase	Decrease
Effect on Post retirement benefit obligation	\$6,032	(\$4,997)
Effect on total of service and interest cost	776	(648)

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

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10. FEDERAL INCOME TAXES

The Company will file a consolidated return with SLC -U.S. Ops Holdings for the year ended December 31, 2004. SLUS filed a consolidated federal income tax return with SLC - U.S. Ops Holdings for the year ended December 31, 2003. Keyport filed a return with its subsidiary, Independence Life, for the year ended December 31, 2003. A summary of the components of federal income tax expense (benefit) in the consolidated statements of income for the years ended December 31 is as follows:

				Restated
--	--	--	--	-----------------

		2004		2003		2002
Federal income tax expense (benefit):						
Current		\$ (5,331)		\$ (29,240)		\$ (80,155)
Deferred		76,683		56,606		20,706
Total		\$ 71,352		\$ 27,366		\$ (59,449)

Federal income taxes attributable to the consolidated 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:

				Restated		
		2004		2003		2002
Expected federal income tax expense (benefit)		\$ 107,446		\$ 44,251		\$ (34,994)
Low income housing credit		(6,021)		(6,026)		(6,138)
Non-taxable investment income		-		-		(1,622)
Separate account dividend received deduction		(10,500)		(5,600)		(4,200)
Prior year settlements and other items		(19,573)		(5,259)		(12,495)
Federal income tax expense (benefit)		\$ 71,352		\$ 27,366		\$ (59,449)

The deferred income tax asset (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:

		2004		2003
Deferred tax assets:				
Actuarial liabilities		\$ 391,780		\$ 283,479
Net operating loss		4,444		51,355
Other		(8,340)		(1,912)

Total deferred tax assets		387,884		332,922
Deferred tax liabilities:				
Deferred policy acquisition costs		(185,715)		(107,075)
Investments, net		(266,779)		(244,744)
Total deferred tax liabilities		(452,494)		(351,819)
Net deferred tax liability		\$ (64,610)		\$ (18,897)

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10. FEDERAL INCOME TAXES (CONTINUED)

The Company makes payments under certain tax sharing agreements as if it were filing as a separate company. The Company had no net income tax payments for 2004 and the Company received income tax refunds of \$17.1 million in 2003. SLUS received refunds of \$14.9 million in 2002 and Keyport made income tax payments of \$9.9 million in 2002. At December 31, 2004, the Company had \$12.7 million of net operating loss carry forwards available. These amounts were incurred in 2001, 2002 and 2003 and will expire, if unused, beginning in 2016 and ending in 2018.

The Company's federal income tax returns are routinely audited by the Internal Revenue Service ("IRS"), and provisions are made in the consolidated financial statements in anticipation of the results of these audits. SLUS is currently under audit by the IRS for the years 2001 and 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 Company's group life, group disability and stop loss products is summarized below:

	2004		2003

Balance at January 1	\$ 31,337		\$ 24,294
Less reinsurance recoverable	(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 recoverable	(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 lines of business. Changes in prior estimates are recorded in results of operations in the year such changes are determined to be needed.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the years ended December 31, 2004, 2003 and 2002

12. DEFERRED POLICY ACQUISITION COSTS (DAC)

The changes in DAC for the years ended December 31 were as follows:

	2004	2003
Balance at January 1	\$ 889,601	\$ 795,648
Acquisition costs deferred	346,764	263,762
Amortized to expense during the year	(48,562)	(90,608)
Adjustment for unrealized investment gains (losses) during the year	(40,622)	(79,201)
Balance at December 31	\$ 1,147,181	\$ 889,601

13. VALUE OF BUSINESS ACQUIRED (VOBA)

The changes in VOBA for the years ended December 31 were as follows:

	2004	2003
Balance at January 1	\$ 22,391	\$ 57,692
Amortized to expense during the year	(4,819)	(7,790)
Adjustment for unrealized investment gains (losses) during the year	6,558	(27,511)
Balance at December 31	\$ 24,130	\$ 22,391

14. SEGMENT INFORMATION

The Company offers financial products and services such as fixed and variable annuities, GICS, retirement plan services, and life insurance on an individual and group basis, as well as disability and stop-loss insurance on a group basis. As described below, the Company conducts business principally in three operating segments and maintains a Corporate Segment to provide for the capital needs of the three operating segments and to engage in other financing related activities.

Net investment income is allocated based on segmented assets by line of business. Management evaluates the results of the operating segments on an after-tax basis. The Company does not depend on one or a few customers, brokers or agents for a significant portion of its operations.

The Wealth Management Segment markets and administers individual and group variable annuity products, individual and group fixed annuity products and other retirement benefit products. These contracts may contain any of a number of features including variable or fixed interest

rates and equity index options and may be denominated in foreign currencies. The Company uses derivative instruments to manage the risks inherent in the contract options.

The Individual Protection Segment markets and administers a variety of life insurance products sold to individuals and corporate owners of life insurance. The products include whole life, universal life and variable life products.

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14. SEGMENT INFORMATION (CONTINUED)

The Group Protection Segment markets and administers group life, long-term disability, short-term disability and stop loss insurance to small and mid-size employers in the State of New York.

The Corporate Segment includes the unallocated capital of the Company, its debt financing, its consolidated investments in VIEs, and items not otherwise attributable to the other segments.

The following amounts pertain to the various business segments:

	Year ended December 31, 2004						
	Wealth		Individual		Group		
	Management		Protection		Protection	Corporate	Totals
Total Revenues	\$ 1,284,873		\$ 65,366		\$ 34,908	\$ 162,596	\$ 1,547,743
Total Expenditures	1,054,852		60,785		31,605	93,470	1,240,712
Pretax Income	230,021		4,581		3,303	69,126	307,031
Net Income	166,309		3,118		2,147	49,702	221,276

Total Assets	\$ 40,961,145		\$ 4,111,638		\$ 53,131		\$ 1,561,629		\$ 46,687,543
	Year ended December 31, 2003								
Total Revenues	\$ 1,409,642		\$ 49,357		\$ 26,609		\$ 34,141		\$ 1,519,749
Total Expenditures	1,247,670		53,848		25,712		61,792		1,389,022
Pretax Income (Loss)	161,972		(4,491)		897		(27,651)		130,727
Net Income (Loss)	106,655		(2,331)		608		(9,941)		94,991
Total Assets	\$ 39,814,262		\$ 2,973,014		\$ 46,535		\$ 840,565		\$ 43,674,376
	Year ended December 31, 2002 (Restated)								
Total Revenues	\$ 1,273,384		\$ 62,030		\$ 20,181		\$ 65,629		\$ 1,421,224
Total Expenditures	1,406,024		61,445		15,630		38,106		1,521,205
Pretax Income (Loss)	(132,640)		585		4,551		27,523		(99,981)
Net Income (Loss)	(84,004)		464		3,195		38,548		(41,797)
Total Assets	\$ 36,551,209		\$ 2,705,917		\$ 34,946		\$ 553,904		\$ 39,845,976

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15. REGULATORY FINANCIAL INFORMATION

The Company and its insurance subsidiaries are required to file annual statements with state regulatory authorities prepared on a statutory accounting basis prescribed or permitted by such authorities. Statutory surplus differs from stockholder's equity reported in accordance with GAAP primarily because policy acquisition costs are expensed when incurred, policy liabilities are based on different assumptions, investments are valued differently, post-retirement benefit costs are based on different assumptions, and deferred income taxes are calculated differently. The Company's statutory financials are not prepared on a consolidated basis.

At December 31, the Company and its insurance subsidiaries combined statutory surplus and net income (loss) were as follows:

	Unaudited for the Years ended December 31,		
	2004	2003	2002 Restated
Statutory surplus and capital	\$ 1,822,812	\$ 1,685,356	\$ 1,335,391
Statutory net income (loss)	249,010	224,284	(286,911)

16. DIVIDEND RESTRICTIONS

The Company's and its insurance company subsidiaries' ability to pay dividends are subject to certain statutory restrictions. Delaware, New York, and Rhode Island have enacted laws governing the payment of dividends to stockholders by domestic insurers.

Pursuant to Delaware's statute, the maximum amount of dividends and other distributions that a domestic insurer may pay in any twelve-month period without prior approval of the Delaware Commissioner of Insurance is limited to the greater of (i) ten percent of its statutory surplus as of the preceding December 31, or (ii) the individual company's statutory net gain from operations for the preceding calendar year. Any dividends to be paid by an insurer from a source other than statutory surplus, whether or not in excess of the aforementioned threshold, would also require the prior approval of the Delaware Commissioner of Insurance. In 2004, the Company's Board of Directors approved and the Company paid \$150.0 million of cash dividends to its parent, SLC (U.S.) Holdings. On December 31, 2004, SCA was distributed in the form of a dividend of \$6.6 million to the Company's parent and became a consolidated subsidiary of SLC (U.S.) Holdings. The Company did not pay any dividends in 2003 or 2002.

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 SLNY during 2004, 2003 or 2002.

Rhode Island law requires prior regulatory approval for any dividend where the amount of such dividend paid during the preceding twelve (12) month period would exceed the lesser of (i) ten percent of the insurance company's surplus as of the December 31 next preceding, or (ii) its net gain from operations, not including realized capital gains, for the immediately preceding calendar year, excluding pro rata distributions of any class of the insurance company's own securities. No dividends were paid by Independence Life during 2004, 2003 or 2002.

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17. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated other comprehensive income as of December 31 were as follows:

	2004	2003
Unrealized gains (losses) on available-for-sale securities	\$ 485,553	\$ 520,173
DAC amortization	(172,945)	(132,323)
VOBA amortization	(48,208)	(54,766)
Tax effect	(83,762)	(105,403)
Accumulated Other Comprehensive Income	\$ 180,638	\$ 227,681

18. 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 state guaranty funds, or voluntary payments by solvent insurance companies to cover losses to policyholders of insolvent or rehabilitated companies. Under insurance guaranty fund laws in each state, the District of Columbia and Puerto Rico, insurers licensed to do business can be assessed by state insurance guaranty associations for certain obligations of insolvent insurance companies to policyholders and claimants. Most of these laws do provide, however, that an assessment may be excused or deferred if it would threaten an insurer's solvency and further provide annual limits on such assessments. Part of the assessments paid by the Company pursuant to these laws may be partially recovered through a reduction in future premium taxes in some states.

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.

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

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 flows of the Company.

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18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Indemnities

In the normal course of its 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 operating leases with terms of up to 25 years. As of December 31, 2004, minimum future lease payments under such leases were as follows:

2005	\$ 6,082

2006	6,059
2007	4,924
2008	1,463
2009	358
Thereafter	41
Total	\$ 18,927

Total rental expense for the years ended December 31, 2004, 2003 and 2002 was \$16.3 million, \$23.6 million and \$13.8 million, respectively.

The Company has two noncancelable sublease agreements that expire on December 31, 2007 and March 31, 2008. As of December 31, 2004, the minimum future lease payments under the two sublease agreements were as follows:

2005	\$ 683
2006	996
2007	996
2008	249
2009	-
Thereafter	-
Total	\$ 2,924

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Sun Life Assurance Company of Canada (U.S.)
Wellesley Hills, Massachusetts

We have audited the accompanying consolidated balance sheets of Sun Life Assurance Company of Canada (U.S.) and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Sun Life Assurance Company of Canada (U.S.) and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their 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 consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As described in Note 1 to the financial statements, on December 31, 2003, Sun Life Assurance Company of Canada (U.S.) merged with Keyport Life Insurance Company. The companies became affiliates on November 1, 2001 as a result of the acquisition of Keyport Life Insurance Company by Sun Life Assurance Company of Canada (U.S.)'s ultimate parent. The merger of Sun Life Assurance Company of Canada (U.S.) and Keyport Life Insurance Company was accounted for under Statement of Financial Accounting Standards No. 141, "Business Combinations" for transfers of assets among affiliates. Accordingly, the financial statements for all periods prior to December 31, 2003 have been restated to give effect to the merger as of November 1, 2001.

As discussed in Note 1 to the consolidated 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 1 to the consolidated financial statements, effective December 31, 2003, the Company adopted the provisions of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" and FASB Interpretation No. 46R, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" (Revised).

DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 18, 2005

<R>

PART C

ITEM 26. EXHIBITS

<R>

A. Resolution of the Board of Directors of Sun Life Assurance Company of Canada (U.S.), dated October 29, 1998, authorizing the establishment of Sun Life of Canada (U.S.) Variable Account I (Incorporated herein by reference to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on December 9, 1998.)

B. None.

C. Principal Underwriting Agreement (Incorporated herein by reference to Post-Effective Amendment No. 2 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-94359, filed with the Securities and Exchange Commission on March 31, 2000.)

D. (1) Flexible Premium Combination Fixed and Variable Life Insurance Policy (Incorporated herein by reference to Post-Effective Amendment No. 8 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on February 26, 2001.)

(2) Accelerated Death Benefit Rider (Incorporated herein by reference to Pre-Effective Amendment No. 1 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on April 27, 1999.)

(3) Accidental Death Benefit Rider (Incorporated herein by reference to Pre-Effective Amendment No. 1 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on April 27, 1999.)

(4) Payment of Stipulated Premium Rider (Incorporated herein by reference to Pre-Effective Amendment No. 1 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on April 27, 1999.)

(5) Waiver of Cost of Insurance Rider (Incorporated herein by reference to Post-Effective Amendment No. 4 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on February 12, 2001.)

(6) Supplemental Insurance Rider (Incorporated herein by reference to Post-Effective Amendment No. 4 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on February 12, 2001.)

E. Application for Flexible Premium Combination Fixed and Variable Life Insurance Policy (Incorporated herein by reference to Post-Effective Amendment No. 5 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on February 26, 2001.)

F. (1) Certificate of Incorporation of Sun Life Assurance Company of Canada (U.S.) (Incorporated herein by reference to the Depositor's Form 10-K, File No. 333-82824, filed with the Securities and Exchange Commission on March 29, 2004.)

(2) Bylaws of the Depositor, as amended March 19, 2004 (Incorporated herein by reference to the Depositor's Form 10-K, File No. 333-82824, filed with the Securities and Exchange Commission on March 29, 2004.)

G. Specimen Reinsurance Contract. (Incorporated herein by reference to the Registration Statement of Sun Life of Canada (U.S.) Variable Account I on Form N-6, File No. 333-100829, filed with the Securities and Exchange Commission on October 30, 2002.)

H. (1) Participation Agreement, dated February 17, 1998, by and among AIM Variable Insurance Funds, Inc., AIM Distributors, Inc., Sun Life Assurance Company of Canada (U.S.), and Clarendon Insurance Agency, Inc. (Incorporated herein by reference to Post-Effective Amendment No. 1 to the Registration Statement on Form N-4, File No. 333-82957, filed with the Securities and Exchange Commission on February 3, 2000.)

(2) Amended and Restated Participation Agreement, dated December 13, 2004, by and among Sun Capital Advisers Trust, Sun Capital Advisers, Inc., Sun Life Insurance and Annuity Company of New York and Sun Life Assurance Company of Canada (U.S.) (Incorporated herein by reference to Post-Effective Amendment No. 8 to the Registration Statement on Form N-4, File No. 333-83516, filed with the Securities and Exchange Commission on April 28, 2005.)

(3) Amended and Restated Participation Agreement, dated September 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Variable Insurance Products Fund and Fidelity Distributors Corporation (Incorporated herein by reference to Post-Effective Amendment No. 1 to the Registration Statement on Form N-4, File No. 333-119151, filed with the Securities and Exchange Commission on April 28, 2005.)

(4) Participation Agreement, dated September 1, 2001, by and among Sun Life Assurance Company of Canada (U.S.), Clarendon Insurance Agency, Inc., Alliance Capital Management L.P. and Alliance Fund Distributors, Inc. (Incorporated herein by reference to Post-Effective Amendment No. 7 to the Registration Statement on Form N-4, File No. 333-82957, filed with the Securities and Exchange Commission on July 27, 2001.)

(5) Participation Agreement, dated September 16, 2002, by and among the Franklin Templeton Variable Insurance Products Trust, Franklin Templeton Distributors, Inc, Sun Life Insurance and Annuity Company of New York and Sun Life Assurance Company of Canada (U.S.)

(Incorporated herein by reference to the Registration Statement of KBL Variable Account A on Form N-4, File No. 333-102278, filed with the Securities and Exchange Commission on December 31, 2002.)

(6) Participation Agreement, dated February 17, 1998, by and among Goldman Sachs Variable Insurance Trust, Goldman, Sachs & Co., and Sun Life Assurance Company of Canada (U.S.) (Incorporated herein by reference to Post-Effective Amendment No. 13 to the Registration Statement on Form N-4, File No. 33-41628, filed with the Securities and Exchange Commission on April 26, 1999.)

(7) Amended and Restated Participation Agreement, dated November 6, 2002, by and among MFS/Sun Life Series Trust, Sun Life Insurance and Annuity Company of New York, Sun Life Assurance Company of Canada (U.S.) and Massachusetts Financial Services Company (Incorporated herein by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-4, File No. 333-107983, filed with the Securities and Exchange Commission on May 28, 2004.)

(8) Participation Agreement, dated July 15, 2002, by and among Sun Life Assurance Company of Canada (U.S.), Deutsche Asset Management VIT Funds and Deutsche Asset Management, Inc. (Incorporated herein by reference to Post-Effective Amendment No. 2 to the Registration Statement on Form S-6, File No. 333-65048, filed with the Securities and Exchange Commission on July 3, 2002.)

(9) Participation Agreement, dated May 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Scudder Variable Series II, Scudder Distributors, Inc. and Deutsche Investment Management Americas Inc.

(10) Participation Agreement, dated September 16, 2002, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, PIMCO Variable Insurance Trust and PIMCO Funds Distributors LLC. (Incorporated herein by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6, File No. 333-59662, filed with the Securities and Exchange Commission on February 26, 2003.)

(11) Participation Agreement, dated February 17, 1998, by and among Sun Life Assurance Company of Canada (U.S.), The Alger American Fund and Fred Alger and Company, Incorporated. (Incorporated herein by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6, File No. 333-68601, filed with the Securities and Exchange Commission on April 27, 1999.)

(12) Participation Agreement, dated February 17, 1998, by and among Sun Life Assurance Company of Canada (U.S.) and Lord, Abnett & Co. (Incorporated herein by reference to Post-Effective Amendment No. 8 to the Registration Statement on Form S-6, File No. 333-13087, filed with the Securities and Exchange Commission on April 26, 2002.)

(13) Amended and Restated Participation Agreement, dated August 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, T. Rowe Price Equity Series, Inc. and T. Rowe Price Investment Services, Inc. (Incorporated herein by reference to Post-Effective Amendment No. 5 to the Registration Statement of Sun Life of Canada (U.S.) Variable Account G on Form S-6, File No. 333-13087, filed with the Securities and Exchange Commission on April 29, 1999.)

(14) Amended and Restated Participation Agreement, dated May 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc.

(15) Participation Agreement, dated August 6, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, Delaware VIP Trust, Delaware Management Company and Delaware Distributors, LP.

(16) Participation Agreement, dated August 6, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Van Kampen Life Investments Trust, Van Kampen Funds Inc., Van Kampen Asset Management.

(17) Participation Agreement, dated December 31, 2002, by and among Oppenheimer Variable Account Funds, OppenheimerFunds, Inc. and Sun Life Assurance Company of Canada (U.S.).

I. None.

J. (1) Powers of Attorney. (Incorporated herein by reference to the Registration Statement of Keyport Variable Account A on Form N-4, File No. 333-112506, filed with the Securities and Exchange Commission on February 5, 2004.)

(2) Power of Attorney for Mr. Davis and Ms. Fay (Incorporated herein by reference to Post-Effective Amendment No. 7 to the Registration Statement on Form N-4, File No. 333-83516, filed with the Securities and Exchange Commission on December 29, 2004.)

(3) Resolution of the Board of Directors of the Depositor dated July 24, 2003, authorizing the use of Powers of Attorney for Officer signatures. (Incorporated herein by reference to the Registration Statement of Keyport Variable Account A on Form N-4, File No. 333-112506, filed with the Securities and Exchange Commission on February 5, 2004.)

<R>

K. Legal Opinion.

L. None.

M. None.

N. Consent of Independent Registered Public Accounting Firm.

O. None.

P. None.

Q. None.

ITEM 27. DIRECTORS AND OFFICERS OF THE DEPOSITOR

<u>Name and Principal Business Address</u>	<u>Positions and Offices With Depositor</u>
<R>	
C. James Prieur Sun Life Assurance Company of Canada 150 King Street West Toronto, Ontario Canada M5H 1J9	Chairman and Director
Thomas A. Bogart Sun Life Assurance Company of Canada 150 King Street West Toronto, ON M5H 1J9	Director
Gary Corsi Sun Life Assurance Company of Canada (U.S.) One Sun Life Executive Park Wellesley Hills, MA 02481	Director & Vice President and Chief Financial Officer and Treasurer
Scott M. Davis Sun Life Assurance Company of Canada (U.S.) One Sun Life Executive Park Wellesley Hills, MA 02481	Director & Vice President and General Counsel
Paul W. Derksen Sun Life Assurance Company of Canada 150 King Street West Toronto, Ontario Canada M5H 1J9	Director
Mary M. Fay Sun Life Assurance Company of Canada (U.S.) One Sun Life Executive Park Wellesley Hills, MA 02481	Director & Vice President, Annuities

Robert C. Salipante
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

President and Director

Donald A. Stewart
Sun Life Assurance Company of Canada
150 King Street West
Toronto, Ontario Canada M5H 1J9

Director

Claude A. Accum
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Vice President, Individual Insurance

James M.A. Anderson
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Vice President, Investments

Keith Gubbay
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Vice President and Chief Actuary

Ellen B. King
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Assistant Vice President and Senior Counsel and
Secretary

Janet V. Whitehouse
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Vice President, Human Resources and Public
Relations

John R. Wright
Sun Life Assurance Company of Canada (U.S.)
One Sun Life Executive Park
Wellesley Hills, MA 02481

Executive Vice President, Sun Life Financial U.S.
Operations

<R>ITEM 28. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE DEPOSITOR OR THE REGISTRANT

No person is directly or indirectly controlled by the Registrant. The Registrant is a separate account of Sun Life Assurance Company of Canada (U.S.), which is ultimately controlled by Sun Life Financial.

<R>The organization chart of Sun Life Financial is filed as Exhibit 13 to Post-Effective Amendment No. 1 to the Registration Statement on Form N-4 of Keyport Variable Account A, File Nos. 333-114126, 811-07543, filed February 25, 2005.<R>

None of the companies listed in such Exhibit 13 is a subsidiary of the Registrant; therefore, the only financial statements being filed are those of Sun Life Assurance Company of Canada (U.S.).

ITEM 29. INDEMNIFICATION

<R>

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Sun Life Assurance Company of Canada (U.S.) pursuant to the certificate of incorporation, by-laws, or otherwise, Sun Life (U.S.) has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Sun Life (U.S.) of expenses incurred or paid by a director, officer, controlling person of Sun Life (U.S.) in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Sun Life (U.S.) will submit to a court of appropriate jurisdiction the question whether such indemnification by them is against public policy as expressed in the Act, unless in the opinion of their counsel the matter has been settled by controlling precedent, and will be governed by the final adjudication of such issue.

ITEM 30. PRINCIPAL UNDERWRITERS

Clarendon Insurance Agency, Inc., which is a wholly-owned subsidiary of Sun Life Assurance Company of Canada (U.S.), acts as general distributor for the Registrant, Sun Life of Canada (U.S.) Variable Accounts C, D, E, F, G, H and I, Keyport Variable Account A, KMA Variable Account, Keyport Variable Account I, KBL Variable Account A, KBL Variable Annuity Account, Sun Life (N.Y.) Variable Accounts A, B, C and D, and Money Market Variable Account, High Yield Variable Account, Capital Appreciation Variable Account, Government Securities Variable Account, World Governments Variable Account, Total Return Variable Account and Managed Sectors Variable Account.

Name and Principal	Position and Offices
<u>Business Address*</u>	<u>with Underwriter</u>
Imants Sakson	President
James M.A. Anderson	Director
Gary Corsi	Director
Mary M. Fay	Director
Ellen B. King	Secretary
George E. Maden	Vice President & Chief Compliance Officer
Michael L. Gentile	Vice President
John E. Coleman	Vice President

Nancy C. Atherton

Assistant Vice President & Tax Officer

Jane F. Jette

Financial/Operations Principal and Treasurer

Amy E. Mercer

Assistant Secretary

*The principal business address of all directors and officers of the principal underwriter is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481.

<R>

ITEM 31. LOCATION OF ACCOUNTS AND RECORDS

Accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the Rules promulgated thereunder are maintained, in whole or in part, by Sun Life Assurance Company of Canada (U.S.) at its offices at One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481 or at the offices of Clarendon Insurance Agency, Inc., at One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481.

ITEM 32. MANAGEMENT SERVICES

Not applicable.

ITEM 33. FEE REPRESENTATION

Sun Life Assurance Company of Canada (U.S.)("Sun Life of Canada (U.S.)") hereby represents that the aggregate fees and charges under the Policy are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Sun Life (U.S.).

<R>SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements of Securities Act Rule 485(b) for effectiveness of this Post-Effective Amendment to the Registration Statement and has caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf, in the Town of Wellesley Hills, and Commonwealth of Massachusetts on this 29th day of April, 2005.

SUN LIFE OF CANADA (U.S.) VARIABLE ACCOUNT I

(Registrant)

By: SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

(Depositor)

By: */s/ Robert C. Salipante

Robert C. Salipante, President

Attest: */s/Edward M. Shea

Edward M. Shea

Assistant Vice President &
Senior Counsel

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons and in the capacities and on the dates indicated.

*s/ Robert C. Salipante	President and Director
Robert C. Salipante	(Principal Executive Officer)
*s/ Gary Corsi	Vice President and Chief Financial Officer
Gary Corsi	(Principal Financial & Accounting Officer)
*s/ C. James Prieur	Chairman and Director
C. James Prieur	
*s/ Donald A. Stewart	Director
Donald A. Stewart	
*s/ Paul W. Derksen	Director
Paul W. Derksen	
*s/ Mary M. Fay	Director
Mary M. Fay	
*s/ Scott M. Davis	Director
Scott M. Davis	

By: /s/ Edward M. Shea

April 29, 2005

Edward M. Shea, Attorney-In-Fact

*Edward M. Shea has signed this document on the indicated date on behalf of the above Directors and Officers for the Depositor pursuant to powers or attorney duly executed by such persons and a resolution of the Board of Directors authorizing use of powers of attorney for Directors and Officer signatures. Incorporated by reference to the Registration Statement on Form N-4 (File No. 333-112506) filed on or about February 5, 2004.

EXHIBIT INDEX

H(9) Participation Agreement, dated May 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Scudder Variable Series II, Scudder Distributors, Inc. and Deutsche Investment Management Americas Inc.

H(14) Amended and Restated Participation Agreement, dated May 1, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc.

H(15) Participation Agreement, dated August 6, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Sun Life Insurance and Annuity Company of New York, Delaware VIP Trust, Delaware Management Company and Delaware Distributors, LP.

H(16) Participation Agreement, dated August 6, 2004, by and among Sun Life Assurance Company of Canada (U.S.), Van Kampen Life Investments Trust, Van Kampen Funds Inc., Van Kampen Asset Management.

H(17) Participation Agreement, dated December 31, 2002, by and among Oppenheimer Variable Account Funds, OppenheimerFunds, Inc. and Sun Life Assurance Company of Canada (U.S.).

K Consent of Independent Registered Public Accounting Firm

N Representation of Counsel pursuant to Rule 485(b)

<R>

AMENDED AND RESTATED FUND PARTICIPATION AGREEMENT

This Agreement, originally is entered into as of the 15th ___ day of April ____, 1998, and restated effective May 1, 2004, between SUN LIFE OF ASSURANCE COMPANY OF CANADA (U.S.) DELAWARE (formerly, "SUN LIFE OF CANADA (U.S.), DELAWARE"), a life insurance company organized under the laws of the State of Delaware, SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK, a life insurance company organized under the laws of the State of New York (collectively with Sun Life Assurance Company of Canada (U.S.) hereinafter referred to as "Insurance Company"), and each of DREYFUS VARIABLE INVESTMENT FUND, THE DREYFUS INVESTMENT PORTFOLIOS, THE DREYFUS SOCIALLY RESPONSIBLE GROWTH FUND, INC. and DREYFUS LIFE AND ANNUITY INDEX FUND, INC. (d/b/a DREYFUS STOCK INDEX FUND, INC.) (each a "Fund").

ARTICLE I

DEFINITIONS

- 1.1 "Act" shall mean the Investment Company Act of 1940, as amended.
- 1.2 "Board" shall mean the Board of Directors or Trustees, as the case may be, of a Fund, which has the responsibility for management and control of the Fund.
- 1.3 "Business Day" shall mean any day for which a Fund calculates net asset value per share as described in the Fund's Prospectus.
- 1.4 "Commission" shall mean the Securities and Exchange Commission.
- 1.5 "Contract" shall mean a variable annuity or life insurance contract that uses any Participating Fund (as defined below) as an underlying investment medium. Individuals who participate under a group Contract are "Participants".
- 1.6 "Contractholder" shall mean any entity that is a party to a Contract with a Participating Company (as defined below).
- 1.7 "Disinterested Board Members" shall mean those members of the Board of a Fund that are not deemed to be "interested persons" of the Fund, as defined by the Act.
- 1.8 "Dreyfus" shall mean The Dreyfus Corporation and its affiliates, including Dreyfus Service Corporation.
- 1.9 "Participating Companies" shall mean any insurance company (including Insurance Company) that offers variable annuity and/or variable life insurance contracts to the public and that has entered into an agreement with one or more of the Funds.
- 1.10 "Participating Fund" shall mean each Fund, including, as applicable, any series thereof, specified in Exhibit A, as such Exhibit may be amended from time to time by agreement of the parties hereto, the shares of which are available to serve as the underlying investment medium for the aforesaid Contracts.
- 1.11 "Prospectus" shall mean the current prospectus and statement of additional information of a Fund, as most recently filed with the Commission.

1.12 "Separate Account" shall mean each account specified the Separate Accounts listed in Exhibit B G, each a a separate accounts established by Insurance Company in accordance with the laws of the State of Delaware or New York, as applicable, as such Exhibit may be amended from time to time by agreement of the parties hereto.

1.13 "Software Program" shall mean the software program used by a Fund for providing Fund and account balance information including net asset value per share. Such Program may include the Lion System. In situations where the Lion System or any other Software Program used by a Fund is not available, such information may be provided by telephone. The Lion System shall be provided to Insurance Company at no charge.

1.14 "Insurance Company' s General Account (s)" shall mean the general account (s) of Insurance Company and its affiliates that invest in a Fund.

ARTICLE II

REPRESENTATIONS

2.1 Insurance Company represents and warrants that (a) it is an insurance company duly organized and in good standing under applicable law; (b) it has legally and validly established the Separate Account pursuant to the Delaware or New York Insurance Code, as applicable, for the purpose of offering to the public certain individual and group variable annuity and life insurance contracts; (c) it has registered the Separate Account as a unit investment trust under the Act to serve as the segregated investment account for the Contracts, unless the Separate Account is exempt from registration. If exempt from registration, Insurance Company will make every effort to maintain such exemption, and will notify the Fund immediately upon having a reasonable basis for believing that such exemption no longer applies in the future. unless the Separate Account is exempt from registration; and (d) the Separate Account is eligible to invest in shares of each Participating Fund without such investment disqualifying any Participating Fund as an investment medium for insurance company separate accounts supporting variable annuity contracts or variable life insurance contracts.

2.2 Insurance Company represents and warrants that: (a) the Contracts will be described in a registration statement filed under the Securities Act of 1933, as amended ("1933 Act"), unless the Contracts are exempt from registration. If exempt from registration, Insurance Company will make every effort to maintain such exemption, and will notify the Fund immediately upon having a reasonable basis for believing that such exemption no longer applies in the future, unless the Contracts are exempt from registration; (b) the Contracts will be issued and sold in compliance in all material respects with all applicable federal and state laws; and (c) the sale of the Contracts shall comply in all material respects with applicable state insurance law requirements. Insurance Company agrees to notify each Participating Fund promptly of any investment restrictions imposed by state insurance law and applicable to the Participating Fund.

2.3 Insurance Company represents and warrants that the income, gains and losses, whether or not realized, from assets allocated to the Separate Account are, in accordance with the applicable Contracts, to be credited to or charged against such Separate Account without regard to other income, gains or losses from assets allocated to any other accounts of Insurance Company. Insurance Company represents and warrants that the assets of the Separate Account are and will be kept separate from Insurance Company's General Account and any other separate accounts Insurance Company may have, and will not be charged with liabilities from any business that Insurance Company may conduct or the liabilities of any companies affiliated with Insurance Company.

2.4 Each Participating Fund represents that it is registered with the Commission under the Act as an open-end, management investment company and possesses and shall maintain, all legal and regulatory licenses, approvals, consents and/or exemptions required for the Participating Fund to operate and offer its shares as an underlying investment medium for Participating Companies.

2.5 Each Participating Fund represents that it is currently qualified as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will make every effort to maintain such qualification (under Subchapter M or any successor or similar provision) and that it will notify Insurance Company immediately upon having a reasonable basis for believing that it has ceased to so qualify or that it might not so qualify in the future.

2.6 Insurance Company represents and agrees that the Contracts are currently, and at the time of issuance, will be treated as life insurance policies or annuity contracts, whichever is appropriate, under applicable provisions of the Code, and that it will make every effort to maintain such treatment and that it will notify each Participating Fund and Dreyfus immediately upon having a reasonable basis for believing that the Contracts have ceased to be so treated or that they might not be so treated in the future. Insurance Company agrees that any prospectus offering a Contract that is a "modified endowment contract", as that term is defined in Section 7702A of the Code, will identify such Contract as a modified endowment contract (or policy).

2.7 Each Participating Fund agrees that its assets shall be managed and invested in a manner that complies with the requirements of Section 817(h) of the Code. Each Participating Fund agrees to notify Insurance Company promptly upon having a reasonable basis for believing that the Participating Fund has ceased to so comply, or that the Participating Fund might not so comply in the future. In the event of a breach of this Section 2.7 by a Participating Fund, the Participating Fund shall take all reasonable steps to comply with the diversification requirements of Section 817(h) within the grace period specified under Section 817(h) of the Code and will indemnify Insurance Company for related damages suffered.

2.8 Insurance Company agrees that each Participating Fund shall be permitted (subject to the other terms of this Agreement) to make its shares available to other Participating Companies and Contractholders.

2.9 Each Participating Fund represents and warrants that any of its directors, trustees, officers, employees, investment advisers, and other individuals/entities who deal with the money and/or securities of the Participating Fund are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Participating Fund in an amount not less than that required by Rule 17g-1 under the Act. The aforesaid Bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company.

2.10 Insurance Company represents and warrants that all of its employees and agents who deal with the money and/or securities of each Participating Fund are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage in an amount not less than the coverage required to be maintained by the Participating Fund. The aforesaid Bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company.

2.11 Insurance Company agrees that Dreyfus shall be deemed a third party beneficiary under this Agreement and may enforce any and all rights conferred by virtue of this Agreement.

ARTICLE III

FUND SHARES

3.1 The Contracts funded through the Separate Account will provide for the investment of certain amounts in shares of each Participating Fund.

3.2 Each Participating Fund agrees to make its shares available for purchase at the then applicable net asset value per share by Insurance Company and the Separate Account on each Business Day pursuant to rules of the Commission. Notwithstanding the foregoing, each Participating Fund may refuse to sell its shares to any person, or suspend or terminate the offering of its shares, if such action is required by law or by regulatory authorities having jurisdiction or

is, in the sole discretion of its Board, acting in good faith and in light of its fiduciary duties under federal and any applicable state laws, necessary and in the best interests of the Participating Fund's shareholders.

3.3 Each Participating Fund agrees that shares of the Participating Fund will be sold only to (a) Participating Companies and their separate accounts or (b) "qualified pension or retirement plans" as determined under Section 817(h)(4) of the Code. Except as otherwise set forth in this Section 3.3, no shares of any Participating Fund will be sold to the general public.

3.4 Each Participating Fund shall use its best efforts to provide closing net asset value, dividend and capital gain information on a per share basis to Insurance Company by 6:00 p.m. Eastern time on each Business Day. Any material errors in the calculation of net asset value, dividend and capital gain information shall be reported immediately upon discovery to Insurance Company. Non-material errors will be corrected in the next Business Day's net asset value per share.

3.5 At the end of each Business Day, Insurance Company will use the information described in Sections 3.2 and 3.4 to calculate the unit values of the Separate Account for the day. Using this unit value, Insurance Company will process the day's Separate Account transactions received by it by the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m. Eastern time) to determine the net dollar amount of each Participating Fund's shares that will be purchased or redeemed at that day's closing net asset value per share. The net purchase or redemption orders will be transmitted to each Participating Fund by Insurance Company by 11:00 a.m. Eastern time on the Business Day next following the Business Day Insurance Company's receipt of that information. Subject to Sections 3.6 and 3.8, all purchase and redemption orders for Insurance Company's General Accounts shall be effected at the net asset value per share of each Participating Fund next calculated after receipt of the order by the Participating Fund or its Transfer Agent.

3.6 Each Participating Fund appoints Insurance Company as its agent for the limited purpose of accepting orders for the purchase and redemption of Participating Fund shares for the Separate Account. Each Participating Fund will execute orders at the applicable net asset value per share determined as of the close of trading on the day of receipt of such orders by Insurance Company acting as agent ("effective trade date"), provided that the Participating Fund receives notice of such orders by 11:00 a.m. Eastern time on the next following Business Day and, if such orders request the purchase of Participating Fund shares, the conditions specified in Section 3.8, as applicable, are satisfied. A redemption or purchase request that does not satisfy the conditions specified above and in Section 3.8, as applicable, will be effected at the net asset value per share computed on the Business Day immediately preceding the next following Business Day upon which such conditions have been satisfied in accordance with the requirements of this Section and Section 3.8. Insurance Company represents and warrants that all orders submitted by the Insurance Company for execution on the effective trade date shall represent purchase or redemption orders received from Contractholders prior to the close of trading on the New York Stock Exchange on the effective trade date.

3.7 Insurance Company will make its best efforts to notify each applicable Participating Fund in advance of any unusually large purchase or redemption orders.

3.8 If Insurance Company's order requests the purchase of a Participating Fund's shares, Insurance Company will pay for such purchases by wiring Federal Funds to the Participating Fund or its designated custodial account on the day the order is transmitted. Insurance Company shall make all reasonable efforts to transmit to the applicable Participating Fund payment in Federal Funds by 12:00 noon Eastern time on the Business Day the Participating Fund receives the notice of the order pursuant to Section 3.5. Each applicable Participating Fund will execute such orders at the applicable net asset value per share determined as of the close of trading on the effective trade date if the Participating Fund receives payment in Federal Funds by 12:00 midnight Eastern time on the Business Day the Participating Fund receives the notice of the order pursuant to Section 3.5. If payment in Federal Funds for any purchase is not received or is received by a Participating Fund after 12:00 noon Eastern time on such Business Day, Insurance Company shall promptly, upon each applicable Participating Fund's request, reimburse the respective Participating Fund for any

charges, costs, fees, interest or other expenses incurred by the Participating Fund in connection with any advances to, or borrowings or overdrafts by, the Participating Fund, or any similar expenses incurred by the Participating Fund, as a result of portfolio transactions effected by the Participating Fund based upon such purchase request. If Insurance Company's order requests the redemption of any Participating Fund's shares valued at or greater than \$1 million dollars, the Participating Fund will wire such amount to Insurance Company within seven days of the order.

3.9 Each Participating Fund has the obligation to ensure that its shares are registered with applicable federal agencies at all times.

3.10 Each Participating Fund will confirm each purchase or redemption order made by Insurance Company. Transfer of Participating Fund shares will be by book entry only. No share certificates will be issued to Insurance Company. Insurance Company will record shares ordered from a Participating Fund in an appropriate title for the corresponding account.

3.11 Each Participating Fund shall credit Insurance Company with the appropriate number of shares.

12. 3.12 On each ex-dividend date of a Participating Fund or, if not a Business Day, on the first Business Day thereafter, each Participating Fund shall communicate to Insurance Company the amount of dividend and capital gain, if any, per share. All dividends and capital gains shall be automatically reinvested in additional shares of the applicable Participating Fund at the net asset value per share on the ex-dividend date. Each Participating Fund shall, on the day after the ex-dividend date or, if not a Business Day, on the first Business Day thereafter, notify Insurance Company of the number of shares so issued.
13. To the extent that a Separate Account is properly exempt from registration under the Act, at least once annually, at the request of a Participating Fund, or its designee, Insurance Company will certify the amount of purchases and redemptions of fund shares from such Separate Account for the Participating Fund's most recent fiscal year end.

ARTICLE IV

STATEMENTS AND REPORTS

4.1 Each Participating Fund shall provide monthly statements of account as of the end of each month for all of Insurance Company's accounts by the fifteenth (15th) Business Day of the following month.

4.2 Each Participating Fund shall distribute to Insurance Company copies of the Participating Fund's Prospectuses, proxy materials, notices, periodic reports and other printed materials (which the Participating Fund customarily provides to its shareholders) in quantities as Insurance Company may reasonably request for distribution to each Contractholder and Participant. Each Participating Fund shall provide Insurance Company with as many printed copies of the Participating Fund's current Prospectus as Insurance Company may reasonably request. If requested by Insurance Company, each Participating Fund shall provide camera-ready film or a computer diskette containing the Participating Fund's Prospectus and such other assistance as is reasonably necessary in order for Insurance Company, as often as is legally required, to have the Participating Fund's Prospectus printed. All expenses of printing and distributing each Participating Fund's Prospectus shall be that of Insurance Company except that the Participating Fund shall bear the cost of printing copies of its Prospectus to the extent the Prospectus is updated in compliance with the 1933 Act and the Act.

4.3 Each Participating Fund will provide to Insurance Company at least one complete copy of all registration statements, Prospectuses, reports, proxy statements, sales literature and other promotional materials, applications for

exemptions, requests for no-action letters, and all amendments to any of the above, that relate to the Participating Fund or its shares, contemporaneously with the filing of such document with the Commission or other regulatory authorities.

4.4 Insurance Company will provide to each Participating Fund at least one copy of all registration statements, Prospectuses, reports, proxy statements, sales literature and other promotional materials, applications for exemptions requests for no-action letters, and all amendments to any of the above, that relate to the Contracts or the Separate Account, contemporaneously with the filing of such document with the Commission.

ARTICLE V

EXPENSES

5.1 The charge to each Participating Fund for all expenses and costs of the Participating Fund, including but not limited to management fees, administrative expenses and legal and regulatory costs will be made in the determination of the Participating Fund's daily net asset value per share so as to accumulate to an annual charge at the rate set forth in the Participating Fund's Prospectus. Excluded from the expense limitation described herein shall be brokerage commissions and transaction fees and extraordinary expenses.

5.2 Except as provided in this Article V and, in particular in the next sentence, Insurance Company shall not be required to pay directly any expenses of any Participating Fund or expenses relating to the distribution of its shares. Insurance Company shall pay the following expenses or costs:

- a. Such amount of the production expenses of any Participating Fund materials, including the cost of printing a Participating Fund's Prospectus, or marketing materials for prospective Insurance Company Contractholders and Participants as Dreyfus and Insurance Company shall agree from time to time.
- b. Distribution expenses of any Participating Fund materials or marketing materials for prospective Insurance Company Contract holders and Participants.
- c. Distribution expenses of any Participating Fund materials or marketing materials for Insurance Company Contractholders and Participants.
- c. Distribution expenses of any Participating Fund materials or marketing materials for Insurance Company Contractholders and Participants.

Except as provided herein, all other expenses of each Participating Fund shall not be borne by Insurance Company.

ARTICLE VI

EXEMPTIVE RELIEF

6.1 Insurance Company has reviewed a copy of (i) the amended order dated December 31, 1997 of the Securities and Exchange Commission under Section 6(c) of the Act with respect to Dreyfus Variable Investment Fund and Dreyfus StockLife and Annuity Index Fund, Inc.; and(ii) the order dated February 5, 1998 of the Securities and Exchange Commission under Section 6(c) of the Act with respect to The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Investment Portfolios , and, in particular, has reviewed the conditions to the relief set forth in each related Notice. As set forth therein, if Dreyfus Variable Investment Fund, Dreyfus Investment Portfolios, Dreyfus StockLife and Annuity Index Fund, Inc. or The Dreyfus Socially Responsible Growth Fund, Inc. is a Participating Fund, Insurance Company agrees, as applicable, to report any potential or existing conflicts promptly to the respective Board of Dreyfus Variable Investment Fund, Dreyfus Investment Portfolios, Dreyfus StockLife and Annuity Index Fund, Inc. and/or The Dreyfus Socially Responsible Growth Fund, Inc., and, in particular, whenever contract voting instructions are disregarded, and recognizes that it will be responsible for assisting each applicable Board in carrying out its

responsibilities under such application. Insurance Company agrees to carry out such responsibilities with a view to the interests of existing Contractholders.

6.2 If a majority of the Board, or a majority of Disinterested Board Members, determines that a material irreconcilable conflict exists with regard to Contractholder investments in a Participating Fund, the Board shall give prompt notice to all Participating Companies and any other Participating Fund. If the Board determines that Insurance Company is responsible for causing or creating said conflict, Insurance Company shall, at its sole cost and expense, and to the extent reasonably practicable (as determined by a majority of the Disinterested Board Members), take such action as is necessary to remedy or eliminate the irreconcilable material conflict. Such necessary action may include, but shall not be limited to:

a. Withdrawing the assets allocable to the Separate Account from the Participating Fund and reinvesting such assets in another Participating Fund (if applicable) or a different investment medium, or submitting the question of whether such segregation should be implemented to a vote of all affected Contractholders; and/or

b. Establishing a new registered management investment company.

6.3 If a material irreconcilable conflict arises as a result of a decision by Insurance Company to disregard Contractholder voting instructions and said decision represents a minority position or would preclude a majority vote by all Contractholders having an interest in a Participating Fund, Insurance Company may be required, at the Board's election, to withdraw the investments of the Separate Account in that Participating Fund.

6.4 For the purpose of this Article, a majority of the Disinterested Board Members shall determine whether or not any proposed action adequately remedies any irreconcilable material conflict, but in no event will any Participating Fund be required to bear the expense of establishing a new funding medium for any Contract. Insurance Company shall not be required by this Article to establish a new funding medium for any Contract if an offer to do so has been declined by vote of a majority of the Contractholders materially adversely affected by the irreconcilable material conflict.

6.5 No action by Insurance Company taken or omitted, and no action by the Separate Account or any Participating Fund taken or omitted as a result of any act or failure to act by Insurance Company pursuant to this Article VI, shall relieve Insurance Company of its obligations under, or otherwise affect the operation of, Article V.

ARTICLE VII

VOTING OF PARTICIPATING FUND SHARES

7.1 Each Participating Fund shall provide Insurance Company with copies, at no cost to Insurance Company, of the Participating Fund's proxy material, reports to shareholders and other communications to shareholders in such quantity as Insurance Company shall reasonably require for distributing to Contractholders or Participants.

Insurance Company shall:

(a) solicit voting instructions from Contractholders or Participants on a timely basis and in accordance with applicable law;

(b) vote the Participating Fund shares in accordance with instructions received from Contractholders or Participants; and

(c) vote the Participating Fund shares for which no instructions have been received in the same proportion as Participating Fund shares for which instructions have been received.

Insurance Company agrees at all times to vote its General Account shares in the same proportion as the Participating Fund shares for which instructions have been received from Contractholders or Participants. Insurance Company further agrees to be responsible for assuring that voting the Participating Fund shares for the Separate Account is conducted in a manner consistent with other Participating Companies.

7.2 Insurance Company agrees that it shall not, without the prior written consent of each applicable Participating Fund and Dreyfus, solicit, induce or encourage Contractholders to (a) change or supplement the Participating Fund's current investment adviser or (b) change, modify, substitute, add to or delete from the current investment media for the Contracts.

ARTICLE VIII

MARKETING AND REPRESENTATIONS

8.1 Each Participating Fund or its underwriter shall periodically furnish Insurance Company with the following documents, in quantities as Insurance Company may reasonably request:

- a. Current Prospectus and any supplements thereto; and
- b. Other marketing materials.

Expenses for the production of such documents shall be borne by Insurance Company in accordance with Section 5.2 of this Agreement.

8.2 Insurance Company shall designate certain persons or entities that shall have the requisite licenses to solicit applications for the sale of Contracts. No representation is made as to the number or amount of Contracts that are to be sold by Insurance Company. Insurance Company shall make reasonable efforts to market the Contracts and shall comply with all applicable federal and state laws in connection therewith.

8.3 Insurance Company shall furnish, or shall cause to be furnished, to each applicable Participating Fund or its designee, each piece of sales literature or other promotional material in which the Participating Fund, its investment adviser or the administrator is named, at least fifteen Business Days prior to its use. No such material shall be used unless the Participating Fund or its designee approves such material. Such approval (if given) must be in writing and shall be presumed not given if not received within ten Business Days after receipt of such material. Each applicable Participating Fund or its designee, as the case may be, shall use all reasonable efforts to respond within ten days of receipt.

8.4 Insurance Company shall not give any information or make any representations or statements on behalf of a Participating Fund or concerning a Participating Fund in connection with the sale of the Contracts other than the information or representations contained in the registration statement or Prospectus of, as may be amended or supplemented from time to time, or in reports or proxy statements for, the applicable Participating Fund, or in sales literature or other promotional material approved by the applicable Participating Fund.

8.5 Each Participating Fund shall furnish, or shall cause to be furnished, to Insurance Company, each piece of the Participating Fund's sales literature or other promotional material in which Insurance Company or the Separate Account is named, at least fifteen Business Days prior to its use. No such material shall be used unless Insurance Company approves such material. Such approval (if given) must be in writing and shall be presumed not given if not received within ten Business Days after receipt of such material. Insurance Company shall use all reasonable efforts to respond within ten days of receipt.

8.6 Each Participating Fund shall not, in connection with the sale of Participating Fund shares, give any information or make any representations on behalf of Insurance Company or concerning Insurance Company, the Separate Account, or the Contracts other than the information or representations contained in a registration statement or prospectus for the Contracts, as may be amended or supplemented from time to time, or in published reports for the Separate Account that are in the public domain or approved by Insurance Company for distribution to Contractholders or Participants, or in sales literature or other promotional material approved by Insurance Company.

8.7 For purposes of this Agreement, the phrase "sales literature or other promotional material" or words of similar import include, without limitation, advertisements (such as material published, or designed for use, in a newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures or other public media), sales literature (such as any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, or reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, registration statements, prospectuses, statements of additional information, shareholder reports and proxy materials, and any other material constituting sales literature or advertising under National Association of Securities Dealers, Inc. rules, the Act or the 1933 Act.

ARTICLE IX

INDEMNIFICATION

9.1 Insurance Company agrees to indemnify and hold harmless each Participating Fund, Dreyfus, each respective Participating Fund's investment adviser and sub-investment adviser (if applicable), each respective Participating Fund's distributor, and their respective affiliates, and each of their directors, trustees, officers, employees, agents and each person, if any, who controls or is associated with any of the foregoing entities or persons within the meaning of the 1933 Act (collectively, the "Indemnified Parties" for purposes of Section 9.1), against any and all losses, claims, damages or liabilities joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted) for which the Indemnified Parties may become subject, under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect to thereof) (i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in information furnished by Insurance Company for use in the registration statement or Prospectus or sales literature or advertisements of the respective Participating Fund or with respect to the Separate Account or Contracts, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) arise out of or as a result of conduct, statements or representations (other than statements or representations contained in the Prospectus and sales literature or advertisements of the respective Participating Fund) of Insurance Company or its agents, with respect to the sale and distribution of Contracts for which the respective Participating Fund's shares are an underlying investment; (iii) arise out of the wrongful conduct of Insurance Company or persons under its control with respect to the sale or distribution of the Contracts or the respective Participating Fund's shares; (iv) arise out of Insurance Company's incorrect calculation and/or untimely reporting of net purchase or redemption orders; or (v) arise out of any breach by Insurance Company of a material term of this Agreement or as a result of any failure by Insurance Company to provide the services and furnish the materials or to make any payments provided for in this Agreement. Insurance Company will reimburse any Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that with respect to clauses (i) and (ii) above, Insurance Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission or alleged omission made in such registration statement, prospectus sales literature, or advertisement in conformity with written information furnished to Insurance Company by the respective Participating Fund specifically for use therein. This indemnity agreement will be in addition to any liability which Insurance Company may otherwise have.

9.2 Each Participating Fund severally agrees to indemnify and hold harmless Insurance Company and each of its directors, officers, employees, agents and each person, if any, who controls Insurance Company within the meaning of the 1933 Act against any losses, claims, damages or liabilities to which Insurance Company or any such director, officer, employee, agent or controlling person may become subject, under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) (1) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or Prospectus or sales literature or advertisements of the respective Participating Fund; (2) arise out of or are based upon the omission to state in the registration statement or Prospectus or sales literature or advertisements of the respective Participating Fund any material fact required to be stated therein or necessary to make the statements therein not misleading; or (3) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or Prospectus or sales literature or advertisements with respect to the Separate Account or the Contracts and such statements were based on information provided to Insurance Company by the respective Participating Fund; and the respective Participating Fund will reimburse any legal or other expenses reasonably incurred by Insurance Company or any such director, officer, employee, agent or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the respective Participating Fund will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or omission or alleged omission made in such registration statement, Prospectus, sales literature or advertisements in conformity with written information furnished to the respective Participating Fund by Insurance Company specifically for use therein. This indemnity agreement will be in addition to any liability which the respective Participating Fund may otherwise have.

9.3 Each Participating Fund severally shall indemnify and hold Insurance Company harmless against any and all liability, loss, damages, costs or expenses which Insurance Company may incur, suffer or be required to pay due to the respective Participating Fund's (1) incorrect calculation of the daily net asset value, dividend rate or capital gain distribution rate; (2) incorrect reporting of the daily net asset value, dividend rate or capital gain distribution rate; and (3) untimely reporting of the net asset value, dividend rate or capital gain distribution rate; provided that the respective Participating Fund shall have no obligation to indemnify and hold harmless Insurance Company if the incorrect calculation or incorrect or untimely reporting was the result of incorrect information furnished by Insurance Company or information furnished untimely by Insurance Company or otherwise as a result of or relating to a breach of this Agreement by Insurance Company.

9.4 Promptly after receipt by an indemnified party under this Article of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Article, notify the indemnifying party of the commencement thereof. The omission to so notify the indemnifying party will not relieve the indemnifying party from any liability under this Article IX, except to the extent that the omission results in a failure of actual notice to the indemnifying party and such indemnifying party is damaged solely as a result of the failure to give such notice. In case any such action is brought against any indemnified party, and it notified the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, assume the defense thereof, with counsel satisfactory to such indemnified party, and to the extent that the indemnifying party has given notice to such effect to the indemnified party and is performing its obligations under this Article, the indemnifying party shall not be liable for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable costs of investigation. Notwithstanding the foregoing, in any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent.

A successor by law of the parties to this Agreement shall be entitled to the benefits of the indemnification contained in this Article IX. The provisions of this Article IX shall survive termination of this Agreement.

9.5 Insurance Company shall indemnify and hold each respective Participating Fund, Dreyfus and sub-investment adviser of the Participating Fund harmless against any tax liability incurred by the Participating Fund under Section 851 of the Code arising from purchases or redemptions by Insurance Company's General Accounts or the account of its affiliates.

ARTICLE X

COMMENCEMENT AND TERMINATION

10.1 This Agreement shall be effective as of the date hereof and shall continue in force until terminated in accordance with the provisions herein.

10.2 This Agreement shall terminate without penalty:

- a. As to any Participating Fund, at the option of Insurance Company or the Participating Fund at any time from the date hereof upon 180 days notice, unless a shorter time is agreed to by the respective Participating Fund and Insurance Company;
- b. As to any Participating Fund, at the option of Insurance Company, if shares of that Participating Fund are not reasonably available to meet the requirements of the Contracts as determined by Insurance Company. Prompt notice of election to terminate shall be furnished by Insurance Company, said termination to be effective ten days after receipt of notice unless the Participating Fund makes available a sufficient number of shares to meet the requirements of the Contracts within said ten-day period;
- c. As to a Participating Fund, at the option of Insurance Company, upon the institution of formal proceedings against that Participating Fund by the Commission, National Association of Securities Dealers or any other regulatory body, the expected or anticipated ruling, judgment or outcome of which would, in Insurance Company's reasonable judgment, materially impair that Participating Fund's ability to meet and perform the Participating Fund's obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by Insurance Company with said termination to be effective upon receipt of notice;
- d. As to a Participating Fund, at the option of each Participating Fund, upon the institution of formal proceedings against Insurance Company by the Commission, National Association of Securities Dealers or any other regulatory body, the expected or anticipated ruling, judgment or outcome of which would, in the Participating Fund's reasonable judgment, materially impair Insurance Company's ability to meet and perform Insurance Company's obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by such Participating Fund with said termination to be effective upon receipt of notice;
- e. As to a Participating Fund, at the option of that Participating Fund, if the Participating Fund shall determine, in its sole judgment reasonably exercised in good faith, that Insurance Company has suffered a material adverse change in its business or financial condition or is the subject of material adverse publicity and such material adverse change or material adverse publicity is likely to have a material adverse impact upon the business and operation of that Participating Fund or Dreyfus, such Participating Fund shall notify Insurance Company in writing of such determination and its intent to terminate this Agreement, and after considering the actions taken by Insurance Company and any other changes in circumstances since the giving of such notice, such determination of the Participating Fund shall continue to apply on the sixtieth (60th) day following the giving of such notice, which sixtieth day shall be the effective date of termination;

- f. As to a Participating Fund, upon termination of the Investment Advisory Agreement between that Participating Fund and Dreyfus or its successors unless Insurance Company specifically approves the selection of a new Participating Fund investment adviser. Such Participating Fund shall promptly furnish notice of such termination to Insurance Company;
- g. As to a Participating Fund, in the event that Participating Fund's shares are not registered, issued or sold in accordance with applicable federal law, or such law precludes the use of such shares as the underlying investment medium of Contracts issued or to be issued by Insurance Company. Termination shall be effective immediately as to that Participating Fund only upon such occurrence without notice;
- h. At the option of a Participating Fund upon a determination by its Board in good faith that it is no longer advisable and in the best interests of shareholders of that Participating Fund to continue to operate pursuant to this Agreement. Termination pursuant to this Subsection (h) shall be effective upon notice by such Participating Fund to Insurance Company of such termination;
- i. At the option of a Participating Fund if the Contracts cease to qualify as annuity contracts or life insurance policies, as applicable, under the Code, or if such Participating Fund reasonably believes that the Contracts may fail to so qualify;
- j. At the option of any party to this Agreement, upon another party's breach of any material provision of this Agreement;
- k. At the option of a Participating Fund, if the Contracts are not registered (unless exempt from registration), issued or sold in accordance with applicable federal and/or state law; or
- l. Upon assignment of this Agreement, unless made with the written consent of every other non-assigning party.

Any such termination pursuant to Section 10.2a, 10.2d, 10.2e, 10.2f or 10.2k herein shall not affect the operation of Article V of this Agreement. Any termination of this Agreement shall not affect the operation of Article IX of this Agreement.

10.3 Notwithstanding any termination of this Agreement pursuant to Section 10.2 hereof, each Participating Fund and Dreyfus may, at the option of the Participating Fund, continue to make available additional shares of that Participating Fund for as long as the Participating Fund desires pursuant to the terms and conditions of this Agreement as provided below, for all Contracts in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts"). Specifically, without limitation, if that Participating Fund and Dreyfus so elect to make additional Participating Fund shares available, the owners of the Existing Contracts or Insurance Company, whichever shall have legal authority to do so, shall be permitted to reallocate investments in that Participating Fund, redeem investments in that Participating Fund and/or invest in that Participating Fund upon the making of additional purchase payments under the Existing Contracts. In the event of a termination of this Agreement pursuant to Section 10.2 hereof, such Participating Fund and Dreyfus, as promptly as is practicable under the circumstances, shall notify Insurance Company whether Dreyfus and that Participating Fund will continue to make that Participating Fund's shares available after such termination. If such Participating Fund shares continue to be made available after such termination, the provisions of this Agreement shall remain in effect and thereafter either of that Participating Fund or Insurance Company may terminate the Agreement as to that Participating Fund, as so continued pursuant to this Section 10.3, upon prior written notice to the other party, such notice to be for a period that is reasonable under the circumstances but, if given by the Participating Fund, need not be for more than six months.

10.4 Termination of this Agreement as to any one Participating Fund shall not be deemed a termination as to any other Participating Fund unless Insurance Company or such other Participating Fund, as the case may be, terminates this Agreement as to such other Participating Fund in accordance with this Article X.

ARTICLE XI

AMENDMENTS

11.1 Any other changes in the terms of this Agreement, except for the addition or deletion of any Participating Fund as specified in Exhibit A, shall be made by agreement in writing between Insurance Company and each respective Participating Fund.

ARTICLE XII

NOTICE

12.1. Each notice required by this Agreement shall be given by certified mail, return receipt requested, to the appropriate parties at the following addresses:

Insurance Company:

Sun Life Assurance Company of Canada (U.S.), Delaware

One Sun Life Executive Park

Wellesley Hills, MA 02181

Attn: Jim Mason Susan Lazzo

Sun Life Insurance and Annuity Company of New York

One Sun Life Executive Park

Wellesley Hills, MA 02181

Attn: Susan Lazzo

Participating Funds:

Premier Mutual Fund Services Inc.

200 Park Avenue

New York, New York 10166

Attn: Vice President and Assistant Secretary

with copies to:

[Name of the Fund]

c/o The Dreyfus Corporation

200 Park Avenue

New York, New York 10166

Attn: Mark N. Jacobs, Esq.

Lawrence B. Stoller, Esq. General Counsel

with copies to:

Stroock & Stroock & Lavan

180 Maiden Lane

New York, New York 10038-4982

Attn: Lewis G. Cole, Esq.

Stuart H. Coleman, Esq.

Notice shall be deemed to be given on the date of receipt by the addresses as evidenced by the return receipt.

ARTICLE XIII

MISCELLANEOUS

13.1 This Agreement has been executed on behalf of each Fund by the undersigned officer of the Fund in his capacity as an officer of the Fund. The obligations of this Agreement shall only be binding upon the assets and property of the Fund and shall not be binding upon any director, trustee, officer or shareholder of the Fund individually. It is agreed that the obligations of the Funds are several and not joint, that no Fund shall be liable for any amount owing by another Fund and that the Funds have executed one instrument for convenience only.

ARTICLE XIV

LAW

14.1 This Agreement shall be construed in accordance with the internal laws of the State of New York, without giving effect to principles of conflict of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be duly executed and attested as of the date first above written.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), DELAWARE

For the President

For the Secretary

By: _____

By: _____

Title: _____

Title: _____

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

For the President

For the Secretary

By: _____

By: _____

Title: _____

Title: _____

ON BEHALF OF THOSE FUNDS LISTED ON EXHIBIT A
ATTACHED HERETO

Steven F. Newman

Secretary/Assistant Secretary

EXHIBIT A

LIST OF PARTICIPATING FUNDS

Dreyfus Investment Portfolios:

Emerging Leaders Portfolio Initial Share Class

Midcap Stock Portfolio Initial Share Class

Dreyfus Stock Index Fund, Inc. Initial Share Class

Dreyfus Variable Investment Fund:

Appreciation Portfolio Initial Share Class

Growth and Income Portfolio Initial Share Class

Small Company Stock Portfolio Initial Share Class

Quality Bond Portfolio Initial Share Class

Dreyfus Variable Investment Fund:

Capital Appreciation Portfolio

Growth and Income Portfolio

Small Cap Portfolio

Quality Bond Portfolio

Dreyfus Stock Index Fund

Dreyfus Investment Portfolios:

Emerging Leaders Portfolio

Midcap Stock Portfolio

EXHIBIT B

LIST OF SEPARATE ACCOUNTS

Separate Account D

Separate Account G

Separate Account H

Separate Account I

Separate Account P

FUND PARTICIPATION AGREEMENT

THIS AGREEMENT

, made and entered into this 6th day of August, 2004 (the "Agreement"), and amended and restated November 23, 2004, by and among Sun Life Assurance Company of Canada (U.S.), organized under the laws of the State of Delaware, and Sun Life Insurance and Annuity Company of New York, organized under the laws of the State of New York, (with Sun Life Assurance Company of Canada (U.S.), hereinafter collectively referred to as the "Company"), on behalf of itself and each separate account of the Company named in Schedule A to this Agreement, as may be amended from time to time (each such separate account being hereinafter referred to as a "Separate Account" and, collectively, as the "Separate Accounts"); Delaware VIP Trust, an open-end management investment company organized as a statutory trust under the laws of the State of Delaware (the "Trust"); Delaware Management Company, a series of Delaware Management Business Trust, a statutory trust organized under the laws of the State of Delaware and investment adviser to the Trust (the "Adviser"); and Delaware Distributors, L.P., a limited partnership organized under the laws of the State of Delaware and principal underwriter/distributor of the Trust (the "Distributor").

WHEREAS

, the Trust engages in business as an open-end diversified, management investment company and was established for the purpose of serving as the investment vehicle for separate accounts established for variable life insurance contracts and variable annuity contracts (collectively, the "Variable Insurance Products") to be offered by insurance companies that have entered into participation agreements with the Trust substantially similar to this Agreement ("Participating Insurance Companies"); and

WHEREAS

, beneficial interests in the Trust are divided into several series of shares, each representing the interest in a particular managed portfolio of securities and other assets (each, a "Fund" and collectively, the "Funds"); and

WHEREAS

, the Trust has obtained an order from the Securities and Exchange Commission ("SEC"), dated November 2, 1987 (File No. 812-6777), granting Participating Insurance Companies and variable annuity and variable life insurance separate accounts exemptions from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Investment Company Act of 1940, as amended ("1940 Act"), and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) hereunder, to the extent necessary to permit shares of the Trust to be sold to and held by variable annuity and variable life insurance separate accounts of life insurance companies that may or may not be affiliated with one another and qualified pension and retirement plans ("Qualified Plans") ("Mixed and Shared Funding Exemptive Order"); and

WHEREAS

, the Trust is registered as an open-end management investment company under the 1940 Act and shares of the Fund(s) are registered under the Securities Act of 1933, as amended ("1933 Act"); and

WHEREAS

, the Adviser is a series of a statutory trust which is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and any applicable state securities laws; and

WHEREAS

, the Distributor is duly registered as a broker-dealer under the Securities Exchange Act of 1934, as amended ("1934 Act") and is a member in good standing of the National Association of Securities Dealers, Inc. ("NASD"); and

WHEREAS

, the Company- has established the Separate Accounts to serve as investment vehicles for certain variable annuity contracts and variable life insurance policies and funding agreements offered by the Company set forth on Schedule A ("Contracts"); and

WHEREAS

, the Company has registered interests under the Contracts that are supported wholly or partially by the Separate Accounts under the 1933 Act or, where such interests are exempted from registration under the 1933 Act, the Company maintains the Separate Accounts so as to continue such exemption; and

WHEREAS

, each Separate Account is a duly organized, validly existing segregated asset account, established by resolution of the Board of Directors of the Company under applicable state law to set aside and invest assets attributable to the Contracts; and

WHEREAS

, to the extent required, the Company has registered each Separate Account as a unit investment trust under the 1940 Act and has registered (or will register prior to sale) the securities deemed to be issued by each Separate Account under the 1933 Act; and

WHEREAS

, to the extent permitted by applicable insurance laws and regulations, the Company intends to purchase shares in the Fund(s) listed in Schedule B hereto (the "Designated Fund(s)"), on behalf of the Separate Accounts to fund the Contracts, and the Trust is authorized to sell such shares to unit investment trusts, such as the Separate Accounts, at net asset value; and

WHEREAS

, to the extent permitted by applicable insurance laws and regulations, the Separate Accounts also intend to purchase shares in other open-end investment companies or series thereof not affiliated with the Trust ("Unaffiliated Funds") to fund the Contracts.

NOW, THEREFORE

, in consideration of their mutual promises, the Company, the Trust, the Adviser and the Distributor agree as follows:

ARTICLE I. - SALE OF FUND SHARES

1.1 The Distributor agrees to sell to the Company those shares of the Designated Funds that the Company orders on behalf of each Separate Account, executing such orders on a daily basis at the net asset value (and with no sales charges) next computed after receipt and acceptance by the Trust or its designee of the orders for the shares of the Designated Funds. For purposes of this Section 1.1, the Company will be designee of the Trust solely for the purpose of receiving such orders from each Separate Account and receipt by such designee will constitute receipt by the Trust, provided that the Company provides the Trust with a purchase order by 8:30 a.m. Eastern Time on the next following

Business Day. "Business Day" will mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules

of the SEC. If a purchase order is received by the Trust after 9:30 a.m. Eastern Time on a Business Day, such redemption request will be considered to be received on the next following Business Day and payment by the Company for such purchase order pursuant to Section 1.2 of this Agreement will be made by the Company on the next following Business Day. The Trust may net the redemption requests it receives from the Company under Section 1.3 of this Agreement against purchase orders it receives from the Company under this Section 1.1 for the purpose of determining the amount of any wire transfer. The Trust and the Company will be responsible for assuring their compliance with the Purchase and Redemption Order Procedures set forth in Schedule D.

1.2 The Company will transmit payment for shares of any Designated Fund purchased by 4:00 p.m. Eastern Time on the same Business Day an order to purchase such shares is provided to the Trust, in accordance with Section 1.1. Payment will be made in federal funds transmitted by wire. Upon receipt by the Trust of the purchase payment, such funds shall cease to be the responsibility of the Company and shall become the responsibility of the Trust.

1.3 The Trust agrees to redeem for cash, upon the Company's request, any full or fractional shares of a Designated Fund held by the Company, executing such requests on a daily basis at the net asset value next computed after receipt and acceptance by the Trust or its designee. For purposes of this Section 1.3, the Company will be the designee of the Trust solely for the purpose of receiving requests for redemption from each Separate Account and receipt by such designee will constitute receipt by the Trust, provided that the Company provides the Trust with a redemption request by 8:30 a.m. Eastern Time on the next following Business Day. Payment for shares of any Designated Fund redeemed will be made in federal funds transmitted by wire to the Company's account as designated by the Company in writing from time to time, by 4:00 p.m. Eastern Time on the Business Day the Trust receives notice of the redemption request for such shares from the Company. The Trust reserves the right to delay payment of redemption proceeds, but in no event may such payment be delayed longer than the period permitted under Section 22(e) of the 1940 Act. The Trust will not bear any responsibility whatsoever for the proper disbursement or crediting of redemption proceeds to individual Contract holders, the Company alone will be responsible for such action. If a redemption request is received by the Trust after 8:30 a.m. Eastern Time on a Business Day, such redemption request will be considered to be received on the next following Business Day and payment for redeemed shares will be made by the Trust on the next following Business Day. The Trust may net purchase orders it receives from the Company under Section 1.1 of this Agreement against the redemption requests it receives from the Company under this Section 1.3 for the purpose of determining the amount of any wire transfer. The Trust and the Company will be responsible for assuring their compliance with the Purchase and Redemption Order Procedures set forth in Schedule D.

1.4 The Trust agrees to make shares of the Designated Funds available indefinitely for purchase at the applicable net asset value per share by the Company on behalf of the Separate Accounts on any Business Day; provided, however, that the Board of Trustees of the Trust (the "Trustees") may refuse to sell shares of any Designated Fund to any person, or suspend or terminate the offering of shares of any Designated Fund if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Trustees acting in good faith and in light of their fiduciary duties under federal and any applicable state laws, necessary in the best interests of the shareholders of such Designated Fund.

1.5 The Trust and the Distributor agree that shares of the Designated Funds on Schedule B will be sold only to Participating Insurance Companies and their separate accounts, Qualified Plans or such other persons as are permitted under the Trust's Mixed and Shared Funding Exemptive Order and applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder, the sale of which will not impair the tax treatment currently afforded the Contracts. No shares of any Designated Fund on Schedule B will be sold directly to the general public.

1.6 The Trust will not sell shares of any Designated Fund to any insurance company or separate account unless an agreement containing provisions substantially similar to those in Sections 2.1, 2.2 and 2.4 of Article II, Section 3.4 of Article III, Sections 4.4 and 4.5 of Article IV, Section 6.1 of Article VI and Article VII of this Agreement are in effect to govern such sales.

1.7 The Company agrees to purchase and redeem the shares of the Designated Funds offered by the then current prospectus of the relevant Designated Fund in accordance with the provisions of such prospectus including specifically, and without in any way limiting other provisions of the prospectus, that the Company will only send to the Trust to receive a given Business Day's net asset value those orders it received from Contract holders prior to the time the applicable Designated Fund Series determines its net asset value on such given Business Day.

1.8 Issuance and transfer of the shares of the Designated Funds will be by book entry only. Share certificates will not be issued to the Company or to any Separate Account. Purchase and redemption orders for shares of the Designated Funds will be recorded in an appropriate title for each Separate Account or the appropriate sub-account of each Separate Account.

1.9 The Trust will furnish notice (by wire, facsimile or telephone, followed by written confirmation on or prior to the payment day) to the Company as soon as reasonably practicable of the declaration of any income dividends or capital gain distributions payable on each Designated Fund's shares. The Company, on its behalf and on behalf of each Separate Account, hereby elects to receive all such income dividends and capital gain distributions as are payable on a Designated Fund's shares in the form of additional shares of that Designated Fund at the ex-dividend date net asset values. The Company reserves the right to revoke this election upon prior reasonable written notice to the Trust and to receive all such income dividends and capital gain distributions in cash. The Trust will notify the Company promptly of the number of shares so issued as payment of such dividends and distributions.

1.10 The Trust will make the net asset value per share for each Designated Fund available to the Company via electronic or other mutually agreed upon means on a daily basis as soon as reasonably practical after the net asset value per share is calculated and will use its best efforts to make such net asset value per share available by 6:30 p.m., Eastern Time, each Business Day. If the Trust provides the Company materially incorrect net asset value per share information (as determined under SEC guidelines), the Company and the Trust shall be entitled to an adjustment to the number of shares purchased or redeemed to reflect the correct net asset value per share. Any material error in the calculation or reporting of net asset value per share, dividend or capital gain information shall be reported to the Company upon discovery by the Trust. The Adviser will reimburse the Company for any and all reasonable costs associated with errors, including the costs for communications with customers affected by such errors. In no event, however, will the Trust be liable for material errors in calculating or reporting net asset values where such errors are the result of information supplied by the Company or persons under its control.

ARTICLE II. - REPRESENTATIONS AND WARRANTIES

2.1 The Company represents and warrants that the securities deemed to be issued by the Separate Accounts under the Contracts are or will be registered under the Securities Act of 1933 (the "1933 Act"), or are exempt from registration thereunder, and that the Contracts will be issued in compliance with all applicable federal and state laws, rules and regulations. The Company further represents and warrants that: (i) it is an insurance company duly organized and in good standing under applicable law; (ii) it has legally and validly established each Separate Account as a segregated asset account under applicable state law; (iii) each Separate Account is or will be registered as a unit investment trust in accordance with the provisions of the 1940 Act to serve as a segregated investment account for the Contracts, or is excluded from registration thereunder, and will comply in all material respects with the provisions of the 1940 Act, to the extent applicable; and (iv) for those registered Separate Accounts contemplated by the preceding clause (iii) it will maintain the registration for so long as any Contracts are outstanding or until registration is no longer required under federal or state securities laws. The Company will amend each registration statement under the 1933 Act for the Contracts and the registration statement under the 1940 Act for the Separate Accounts from time to time as required

under applicable law in order to effect the continuous offering of the Contracts or as may otherwise be required by applicable law. The Company will register and qualify the Contracts for sale in accordance with the securities laws of the various states as applicable.

2.2 Subject to the Trust's representations in Article III, the Company represents and warrants that the Contracts are currently and at all times will be treated as annuity contracts and/or life insurance policies (as applicable) under applicable provisions of the Code, and that it will maintain such treatment and that it will notify the Trust, the Adviser and the Distributor immediately upon having a reasonable basis for believing that the Contracts have ceased to be so treated or that they might not be so treated in the future. In addition, the Company represents and warrants that each Separate Account is a "segregated asset account" and that interests in the Separate Account are offered exclusively through the purchase of or transfer into a "variable contract" within the meaning of such terms under Section 817 of the Code and regulations thereunder. The Company will cause such definitional requirements to be met at all times and it will notify the Trust, the Adviser and the Distributor immediately upon having a reasonable basis for believing that such requirements have ceased to be met or that they might not be met in the future. The Company agrees that any prospectus offering a Contract that is a "modified endowment contract" as that term is defined in Section 7702A of the Code (or any successor or replacement provision) will identify such Contract as a modified endowment contract.

2.3 The Company represents and warrants that it will not purchase shares of the Designated Fund(s) with assets derived from tax-qualified retirement plans except, indirectly, through Contracts purchased in connection with such plans.

2.4. The Company represents that the Contracts are designed for long-term investors and the Company has and will maintain policies and procedures intended to detect and deter short-term or excessive trading practices or market timing by Contract holders that have allocated Contract assets to a Designated Fund. Such policies and procedures shall include, but are not limited to, (i) monitoring Contract holder activity, (ii) imposing trade restrictions for trading patterns inconsistent with the Company's policies on short-term trading, market timing or excessive trading, (iii) imposing trade restrictions on Contract holders at the individual policy and group-owned case level who are market timing by performing a roundtrip as defined below, and (iv) when requested by the Trust and reasonable, providing to the Trust or its designated agent such customer account information as will enable the Trust to determine if one or more of its Contract holders is market timing a Designated Fund. The Company will implement its specific policies and procedures in regard to monitoring of short-term trading, market timing or excessive trading. A "roundtrip" is a redemption of an allocation to a Designated Fund within 20 days of said allocation to that Designated Fund by a Contract holder and a second roundtrip within the same calendar quarter of a first roundtrip. The Company will promptly investigate and report to the Trust any trading pattern or patterns inconsistent with (ii) and (iii) referenced above and will take such further actions, including the imposition of transfer restrictions consistent with the terms of the Contracts, as the Company deems necessary or appropriate to inhibit short-term trading, market timing or excessive trading by Contract holders. The Company understands the Trust may immediately terminate this Agreement if the Company's efforts fail to prevent continued Contract holder activity of short-term trading, market timing or excessive trading. If a Designated Fund's policies on short-term trading, market timing or excessive trading change, the Trust will promptly notify the Company of such change. If the Company does not agree in writing within sixty days of its receipt of notice of the change that it can monitor Contract holder activity under such new policy, then this Agreement shall automatically terminate.

2.5 The Trust represents and warrants that shares for the Designated Funds(s) sold pursuant to this Agreement will be registered under the 1933 Act and duly authorized for issuance in accordance with applicable law and that the Trust is and will remain registered as an open-end, management investment company under the 1940 Act for as long as such shares of the Designated Fund(s) are sold. The Trust will amend the registration statement for its shares under the 1933 Act and itself under the 1940 Act from time to time as required under applicable law in order to effect the continuous offering of its shares.

2.6 The Trust and the Adviser each represents and warrants that it will comply with any applicable state insurance laws or regulations as they may apply to the investment objectives, policies and restrictions of the Designated Funds. The Trust and the Distributor each represents and warrants that it will ensure that the Designated Funds' shares will be sold in compliance with all applicable federal and state laws, rules and regulations. The Trust shall notify the Company of each state or jurisdiction in which the Trust shares cannot be sold because such shares are not either qualified for sale or exempt from the requirements of the relevant securities laws. The Company and the Trust will endeavor to mutually cooperate with respect to the implementation of any modifications necessitated by any change in state insurance laws, regulations or interpretations of the foregoing that affect the Designated Funds (a "Law Change") and to keep each other informed of any Law Change that becomes known to such party. In the event of a Law Change, the Trust agrees that, except in those circumstances where the Trust has advised the Company that implementation of a Law Change is not in the best interests of all of the Trust's shareholders with an explanation regarding why such action is lawful, any action required by a Law Change will be taken. The Trust makes no other representation as to whether any aspect of its operations (including, but not limited to, fees and expenses, and investment policies) complies with the insurance laws or regulations of any state. The Company represents that it will use its best efforts to notify the Trust of any restrictions imposed by state insurance laws that may become applicable to the Trust as a result of the Separate Accounts' investments therein. The Trust and the Adviser agree that they will furnish the information reasonably required by state insurance laws to assist the Company in obtaining the authority needed to issue the Contracts in various states.

2.7 The Trust reserves the right to adopt a plan pursuant to Rule 12b-1 under the 1940 Act and to impose asset-based or other sales charges to finance distribution expenses as permitted by applicable laws. The Trust represents and warrants that, to the extent that it decides to finance distribution expenses pursuant to Rule 12b-1 under the 1940 Act, the Trust undertakes to have the Trustees, a majority of whom are not "interested" persons of the Trust, formulate and approve any plan under Rule 12b-1 to finance distribution expenses. The Trust shall notify the Company immediately upon determining to finance distribution expenses pursuant to a plan adopted in accordance with Rule 12b-1 under the 1940 Act.

2.8 The Trust represents that it is lawfully organized and validly existing under the laws of the State of Delaware and that it does and will comply in all material respects with applicable provisions of the 1940 Act.

2.9 The Trust, the Distributor and the Adviser each represent and warrant that all of its trustees, officers, employees, investment advisers, and other individuals/entities having access to the funds and/or securities of the Trust are and will continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Trust in an amount not less than the minimal coverage as required currently by Rule 17g-1 of the 1940 Act or related provisions as may be promulgated from time to time. The aforesaid bond includes coverage for larceny and embezzlement and is issued by a reputable bonding company. The Trust, the Distributor and the Adviser each agrees to notify the Company in the event that such coverage no longer applies.

2.10 The Company represents and warrants that all of its directors, officers, employees, and other individuals/entities employed by the Company dealing with the money and/or securities of the Separate Accounts are covered by a blanket fidelity bond or similar coverage in an amount not less than \$5 million. The aforesaid bond includes coverage for larceny and embezzlement and is issued by a reputable bonding company. The Company agrees to hold any amount received under such bond for the benefit of the Trust and to pay to the Trust such amounts lost from larceny, embezzlement or other events covered by the aforesaid bond to the extent such amounts derive from activities described in this Agreement. The Company agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Trust in the event that such coverage no longer applies.

2.11 The Adviser represents and warrants that: (i) it is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and will remain duly registered under all applicable federal and state securities

laws; and (ii) it will perform its obligations for the Trust in accordance in all material respects with the laws of the State of Delaware and any applicable state and federal securities laws.

2.12 The Distributor represents and warrants that it: (i) is registered as a broker-dealer under the Securities and Exchange Act of 1934, as amended (the "1934 Act") and will remain duly registered under all applicable federal and state securities laws; (ii) is a member in good standing of the National Association of Securities Dealers, Inc. ("NASD"); (iii) serves as principal underwriter/distributor of the Trust; and (iv) will perform its obligations for the Trust in accordance in all material respects with the laws of the State of Delaware and any applicable state and federal securities laws.

ARTICLE III. - FUND COMPLIANCE

3.1 Subject to the Company's representations and warranties in Sections 2.1 and 2.2 hereof, the Trust, the Distributor and the Adviser each represents and warrants that the Trust will at all times sell its shares and invest its assets in such a manner as to ensure that the Contracts will be treated as life insurance or annuity contracts under the Code, and the regulations issued thereunder. Specifically for further clarification of the foregoing, the Trust and Adviser each represents and warrants that the Trust and each Designated Fund thereof will at all times comply with Section 817(h) of the Code and Treasury Regulation 1.817-5, as amended from time to time, and any Treasury interpretations thereof, relating to the diversification requirements for variable annuity, endowment, or life insurance contracts and with Section 817(d) of the Code, relating to the definition of a "variable contract" and any amendments or other modifications or successor provisions to such Sections or Regulations or any other applicable Code requirements. In the event of a breach of this Article III by the Trust, the Trust, Distributor, and Adviser will immediately: (a) notify the Company of such breach, and (b) take all steps necessary to adequately diversify the Trust or Designated Fund so as to achieve compliance within the grace period afforded by Regulation 1.817-5.

3.2 The Trust and the Distributor each represents and warrants that shares of the Designated Funds will be sold only to Participating Insurance Companies, their separate accounts, Qualified Plans, and any other persons eligible to purchase the Designated Fund; provided, that the purchase of shares by such persons would not preclude the Company from "looking through" to the investments of each Designated Fund in which it invests, pursuant to the "look through" rules set forth in Treasury Regulation 1.817-5. No shares of any Designated Fund will be sold to the general public.

3.3 The Trust represents and warrants that each Designated Fund is currently qualified as a Regulated Investment Company under Subchapter M of the Code, and that the Trust will maintain such qualification (under Subchapter M or any successor or similar provision) and that the Trust will notify the Company immediately upon having a reasonable basis for believing that any Designated Fund has ceased to so qualify or that it might not so qualify in the future.

3.4 Without in any way limiting the effect of Sections 8.2 and 8.3 hereof, and without in any way limiting or restricting any other remedies available to the Company, the Distributor and/or Adviser will pay all costs associated with or arising out of any failure, or any anticipated or reasonably foreseeable failure, of the Trust or any Designated Fund to comply with Section 3.1, 3.2 or 3.3 hereof, including all costs associated with reasonable and appropriate corrections or responses to any such failure; such costs may include, but are not limited to, the costs involved in creating, organizing and registering a new investment company as a funding medium for the Contracts and/or the costs of obtaining whatever regulatory authorizations are required to substitute shares or another investment company for those of the failed Designated Fund (including but not limited to an order pursuant to Section 26(b) of the 1940 Act); such costs are to include, but are not limited to, reasonable fees and expenses of legal counsel and other advisers to the Company and any federal income taxes or tax penalties and interest thereon such as any exactments or amounts paid in settlement) incurred by the Company with respect to itself or its Contract owners in connection with any such failure or anticipated or reasonably foreseeable failure.

3.5 The Trust agrees to provide the Company with a certificate or statement indicating compliance by each Fund of the Trust with Section 817(h) of the Code, such certificate or statement to be sent to the Company no later than thirty (30) days following the end of each calendar quarter.

ARTICLE IV. - PROSPECTUS AND PROXY STATEMENTS; VOTING

4.1 The Trust or the Distributor will provide the Company with as many copies of the current Trust prospectus, statement of additional information, and any supplements thereto for the Designated Funds as the Company may reasonably request for distribution to Contract owners. To the extent that the Designated Funds are one or more of several funds or series of the Trust, the Trust is obligated to provide the Company only with disclosure related to the Designated Funds. The Trust will provide the copies of said prospectus to the Company or to its mailing agent. If requested by the Company, in lieu thereof, the Trust or the Distributor will provide such documentation, including a final copy of a current prospectus set in type or camera ready or electronic format and other assistance as is reasonably necessary in order for the Company at least annually (or more frequently if the Trust prospectus is amended more frequently) to have the new prospectus for the Contracts and the Trust's new prospectus printed together. The Trust or the Distributor will, upon request, provide the Company with a copy of the Trust's prospectus through electronic means to facilitate the Company's efforts to provide Trust prospectuses via electronic delivery. Expenses associated with providing such documentation shall be allocated in accordance with Article VI of this Agreement.

4.2 The Trust's prospectus will state that a Statement of Additional Information ("SAI") for the Trust is available, and will disclose how investors may obtain the SAI.

4.3 The Trust, the Distributor or the Adviser will provide the Company or its mailing agent with copies of its proxy material, if any, with respect to the Designated Funds, reports to shareholders/Contract owners and other communications to shareholders/Contract owners in such quantity as the Company will reasonably require with expenses to be borne in accordance with Article VI of this Agreement. The Company will distribute this proxy material, reports and other communications to existing Contract owners. If requested by the Company, the Trust, the Distributor or the Adviser shall provide an electronic copy of such documentation in a format suitable to posting on a website maintained by or on behalf of the Company.

4.4 If a meeting of shareholders of the Trust (or any Designated Funds) is called by the Trustees, the Company will, to the extent required by law:

(a) solicit voting instructions from Contract owners;

(b) vote the shares of Designated Funds held in the Separate Accounts in accordance with instructions received from Contract owners; and

(c) vote shares of Designated Funds held in the Separate Accounts for which no timely instructions have been received from the Company's Contract owners in the same proportion as shares of the Designated Funds for which instructions have been received from contract owners,

so long as and to the extent that the SEC continues to interpret the 1940 Act to require pass-through voting privileges for Contract owners. The Company reserves the right to vote shares of the Designated Funds held in any segregated asset account in its own right, to the extent permitted by law. The Company will be responsible for assuring that the Separate Accounts calculate voting privileges in a manner consistent with all legal requirements, including the Proxy Voting Procedures set forth in Schedule C and the Mixed and Shared Funding Exemptive Order, as described in Section 7.1.

4.5 The Trust will comply with all provisions of the 1940 Act requiring voting by shareholders and, in particular, the Trust will either provide for annual meetings (except insofar as the SEC may interpret Section 16 of the 1940 Act not to require such meetings) or, as the Trust currently intends, comply with Section 16(c) of the 1940 Act (although the

Trust is not one of the Trusts described in Section 16(c) of that Act) as well as with Sections 16(a) and, if an when applicable, 16(b). Further, the Trust will act in accordance with the SEC's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors or trustees and with whatever rules the SEC may promulgate with respect thereto.

ARTICLE V. - SALES MATERIAL AND INFORMATION

5.1 The Company will furnish, or will cause to be furnished, to the Trust or its designee, each piece of sales literature or other promotional material that the Company develops and in which the Trust, the Adviser or the Distributor is named, at least five (5) Business Days before its proposed use. No such material will be used until approved by the Trust or the Adviser or the Distributor, and the Trust or its designee shall review such sales literature or promotional material within five (5) Business Days after receipt of such material. The Trust or its designee reserves the right to object reasonably to the continued use of any such sales literature or other promotional material in which the Trust (or any Designated Fund), the Adviser, any sub-adviser or the Distributor is named and no such material shall be used if the Trust or its designee so objects.

5.2 The Company will not give any information or make any representations or statements on behalf of the Trust or concerning the Trust or any Designated Fund in connection with the sale of the Contracts other than the information or representations contained in the registration statement, prospectus or SAI for shares of the Designated Funds, as such registration statement, prospectus and SAI may be amended or supplemented from time to time, or in reports or proxy statements for the Designated Funds, or in sales literature or other material provided by the Trust, the Adviser or the Distributor, except with permission of the Trust, the Adviser or the Distributor. The Trust, the Adviser or the Distributor agree to respond to any request for approval on a prompt and timely basis, but not later than five (5) Business Days after receipt of such material.

5.3 The Trust, the Adviser or the Distributor, or a designee, will furnish, or will cause to be furnished, to the Company or its designee, each piece of sales literature or other promotional material it develops in which the Company or any Separate Account is named, at least five (5) Business Days prior to its proposed use. No such material will be used until approved by the Company or its designee, if the Company reasonably objects to such use within five (5) Business Days after receipt of such material or to its continued use.

5.4 The Trust, the Adviser or the Distributor will not give any information or make any representations or statements on behalf of the Company or concerning the Company, any Separate Account, or the Contracts other than the information or representations contained in a registration statement, prospectus or SAI for the Contracts, as such registration statement, prospectus and SAI may be amended or supplemented from time to time, or in published reports for each Separate Account or the Contracts which are in the public domain or approved by the Company for distribution to Contract owners, or in sales literature or other material provided by the Company, except with permission of the Company. The Company agrees to respond to any request for approval on a prompt and timely basis, but not later than five (5) Business Days after receipt of such material.

5.5 The Trust will provide to the Company at least one complete copy of all registration statements, prospectuses, SAIs, reports, proxy statements, sales literature and other promotional materials, applications for exemptions, requests for no-action letters, and all amendments to any of the above, that relate to the Trust or shares of the Designated Funds, promptly after filing of such document with the SEC or the NASD, or other regulatory authorities. Notwithstanding the foregoing, the Trust will provide the Company with as much notice as is reasonably practicable of any proxy solicitation for any Designated Fund, and of any material change in the Trust's registration statement, particularly any change resulting in a change to the registration statement or prospectus for any Separate Account. The Trust will work with the Company so as to enable the Company to solicit proxies from Contract owners, or to make changes to its prospectus or registration statement, in an orderly manner. The Trust will make reasonable efforts to attempt to have changes affecting Contract prospectuses become effective simultaneously with the annual updates for such prospectuses.

5.6 The Company will provide to the Trust at least one complete copy of all definitive prospectuses, definitive SAIs, reports, solicitations for voting instructions, sales literature and other promotional materials, applications for exemptions, requests for no-action letters, and all amendments to any of the above, that relate to any Contract or any Separate Account (collectively, "Contract Materials"), promptly after filing of each such document with the SEC or the NASD (except that with respect to post-effective amendments to such prospectuses and SAIs and sales literature and promotional material, only those prospectuses and SAIs and sales literature and promotional material that relate to or refer to the Trust or any Designated Fund will be provided). In addition, the Company will provide to the Trust at least one complete copy of (i) a registration statement that relates to the Contracts or any Separate Account, containing representative and relevant disclosure concerning the Trust; and (ii) any post-effective amendments to any registration statements relating to the Contracts or such Separate Account that refer to or relate to the Trust or any Designated Fund. The Company shall provide to the Trust and the Distributor copies of any complaints received from Contract owners pertaining to the Trust or any Designated Fund.

5.7 For purposes of this Article V, the phrase "sales literature or other promotional material" includes, but is not limited to, advertisements (such as material published, or designed for use in, a newspaper, magazine, or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, or other public media, (i.e., on-line networks such as the Internet or other electronic messages)), sales literature (i.e., any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, and any other material constituting sales literature or advertising under the NASD Conduct Rules, the 1933 Act or the 1940 Act.

5.8 The Trust, the Adviser and the Distributor hereby consent to the Company's use of their respective names as well as the names of the Designated Funds in connection with marketing the Contracts, subject to the terms of Sections 5.1 or 5.2 of this Agreement. The Trust, the Adviser and the Distributor hereby consent to the use of any trademark, trade name, service mark or logo used by the Trust, the Adviser and the Distributor, subject to the Trust's, the Adviser's and/or the Distributor's approval of such use and in accordance with reasonable requirements of the Trust, the Adviser or the Distributor. Such consent will terminate with the termination of this Agreement and the Company will cease all use of any such name, trademark, trade name, service mark and logo as soon as reasonably practicable. The Company agrees and acknowledges that the Trust, the Adviser or the Distributor is the owner of the name, trademark, trade name, service mark and logo and that all use of any designation comprised in whole or in part of the name, trademark, trade name, service mark and logo under this Agreement shall inure to the benefit of the Trust, Adviser and/or Distributor.

5.9 The Trust, the Adviser, the Distributor and the Company agree to adopt and implement procedures reasonably designed to ensure that information concerning the Company, the Trust, the Adviser or the Distributor, respectively, and their respective affiliated companies, that is intended for use only by brokers or agents selling the Contracts (i.e., information that is not intended for distribution to Contract owners or prospective Contract owners) and is properly marked as "Not For Use With The Public" or "For Broker-Dealer Use Only" and that such information is only so used.

ARTICLE VI. - FEES, COSTS AND EXPENSES

6.1 The Fund, Distributor and Adviser shall pay no fee or other compensation to the Company under this Agreement and the Company shall pay no fee or other compensation to the Fund, Distributor or Adviser under this Agreement, although the Parties hereto will bear certain expenses in accordance with this Agreement.

6.2 Each party shall, in accordance with the allocation of expenses specified in this Agreement, reimburse other parties for expenses initially paid by one party but allocated to another party. In addition, nothing herein shall prevent the parties hereto from otherwise agreeing to perform and arranging for appropriate compensation for (i) distribution and shareholder-related services under a plan adopted in accordance with Rule 12b-1 under the 1940 Act and (ii) other

services that are not primarily intended to result in the sale of shares of the Designated Funds, which are provided to Contract owners relating to the Designated Funds.

6.3 All expenses incident to performance by the Trust of this Agreement will be paid by the Trust or the Distributor to the extent permitted by law. All shares of the Designated Funds will be duly authorized for issuance and registered in accordance with applicable federal law and, to the extent deemed advisable by the Trust, in accordance with applicable state law, prior to sale. The Trust will bear the expenses for the cost of registration and qualification of the Trust's shares, including without limitation, the preparation of and filing with the SEC of Forms N-1A and Rule 24f-2 Notices on behalf of the Trust and payment of all applicable registration or filing fees (if applicable) with respect to shares of the Trust; preparation and filing of the Trust's prospectus, SAI and registration statement, proxy materials and reports; typesetting the Trust's prospectus; typesetting and printing proxy materials and reports to Contract owners (including the costs of printing a Trust prospectus that constitutes an annual report); the preparation of all statements and notices required by any federal or state law; all taxes on the issuance or transfer of shares of the Designated Funds; any expenses permitted to be paid or assumed by the Trust with respect to the Designated Funds pursuant to a plan, if any, under Rule 12b-1 under the 1940 Act; and other costs associated with preparation of prospectuses and SAIs regarding the Designated Funds in electronic or typeset format for distribution to existing Contract owners. The Trust, the Advisor and/or the Distributor will also bear the costs of printing and distributing to existing Contract owners the Trust's prospectus and SAI and any supplements thereto and the costs of distributing the Trust's proxy materials and reports.

6.4 The Company shall bear all expenses associated with the registration, qualification, and filing of the Contracts under applicable federal securities and state insurance laws; the cost of preparing, printing, and distributing the Contracts' prospectus and SAI; the cost of printing and distributing the Trust's prospectus for use in connection with offering the Contracts to prospective purchasers of the Contracts; and the cost of printing and distributing such annual individual account statements for Contract owners as are required by state laws.

ARTICLE VII. - MIXED AND SHARED FUNDING RELIEF

7.1 The Trust represents and warrants that it has received an order from the SEC granting Participating Insurance Companies and variable annuity separate accounts and variable life insurance separate accounts relief from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Designated Funds to be sold to and held by variable annuity separate accounts and variable life insurance separate accounts of both affiliated and unaffiliated Participating Insurance Companies and qualified pension and retirement plans outside of the separate account context (the "Mixed and Shared Exemptive Funding Order"). The parties to this Agreement agree that the conditions or undertakings required by the Mixed and Shared Funding Exemptive Order that may be imposed on the Company, the Trust and/or the Adviser by virtue of the receipt of such order by the SEC will: (i) apply only upon the sale of shares of the Designated Fund to a variable life insurance separate account (and then only to the extent required under the 1940 Act); (ii) be incorporated herein by reference; and (iii) such parties agree to comply with such conditions and undertakings to the extent applicable to each such party notwithstanding any provision of the agreement to the contrary.

7.2 The Trust represents and warrants that the Trustees will monitor the Trust for the existence of any material irreconcilable conflict among the interests of the Contract owners of all Separate Accounts investing in the Designated Funds. A material irreconcilable conflict may arise for a variety of reasons, including, but not limited to: (a) an action by any state insurance regulatory authority (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by insurance, tax or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of any Designated Fund are being managed; (e) a difference in voting instructions given by Participating Insurance Companies or by variable annuity and variable life insurance Contract owners; or (f) a decision by an insurer to disregard the voting instructions of Contract owners. The Trustees will

promptly inform the Company if it determines that a material irreconcilable conflict exists and explain the implications thereof.

7.3 The Company will promptly report any potential or existing conflicts of which it is aware to the Trustees. The Company agrees to assist the Trustees in carrying out their responsibilities under the Mixed and Shared Funding Exemptive Order by promptly providing the Trustees with all information reasonably necessary for the Trustees to consider any issues raised. This includes, but is not limited to, an obligation by the Company to promptly inform the Trustees whenever Contract owner voting instructions are to be disregarded. Such responsibilities will be carried out by the Company with a view only to the interests of its Contract owners.

7.4 If it is determined by a majority of the Trustees constituting the Trust's Board of Trustees, or a majority of the disinterested Trustees of the Board, that a material irreconcilable conflict exists, the Company and other Participating Insurance Companies will, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested trustees), take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict, up to and including: (a) withdrawing the assets allocable to some or all of the Separate Accounts from the Trust or any Designated Fund and reinvesting such assets in a different investment medium, including (but not limited to) another Designated Fund, or submitting the question whether such segregation should be implemented to a vote of all affected Contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., variable annuity Contract owners or variable life insurance Contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected Contract owners the option of making such a change; and (b) establishing a new registered management investment company or managed separate account.

7.5 If a material irreconcilable conflict arises because of a decision by the Company to disregard Contract owner voting instructions, and such disregard of voting instructions could conflict with the majority of Contract owner voting instructions, and the Company's judgment represents a minority position or would preclude a majority vote, the Company may be required, at the Trust's election, to withdraw the investment of the affected sub-account of the Separate Account in the Designated Fund and terminate this Agreement with respect to such sub-account; provided, however, that such withdrawal and termination will be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested Trustees of the Trust. No charge or penalty will be imposed as a result of such withdrawal. Any such withdrawal and termination must take place within six (6) months after the Trust gives written notice to the Company that this provision is being implemented. Until the end of such six-month period, the Distributor and the Adviser will, to the extent permitted by law and the Mixed and Shared Funding Exemptive Order, continue to accept and implement orders by the Company for the purchase (and redemption) of shares of the Trust.

7.6 If a material irreconcilable conflict arises because a particular state insurance regulator's decision applicable to the Company conflicts with the decisions of the majority of other state insurance regulators, then the Company will withdraw the investment of the affected sub-account of the Separate Account in the Designated Fund and terminate this Agreement with respect to such sub-account; provided, however, that such withdrawal and termination will be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested Trustees. No charge or penalty will be imposed as a result of such withdrawal. Any such withdrawal and termination must take place within six (6) months after the Trust gives written notice to the Company that this provision is being implemented. Until the end of such six-month period the Trust will, to the extent permitted by law and the Mixed and Shared Funding Exemptive Order, continue to accept and implement orders by the Company for the purchase (and redemption) of shares of the Designated Funds.

7.7 For purposes of Section 7.4 through 7.7 of this Agreement, a majority of the disinterested Trustees of the Trust will determine whether any proposed action adequately remedies any material irreconcilable conflict, but in no event will the Trust be required to establish a new funding medium for the Contracts. The Company will not be required by Section 7.4 to establish a new funding medium for the Contracts if an offer to do so has been declined by vote of a majority of Contract owners affected by the material irreconcilable conflict. In the event that the Board determines that

any proposed action does not adversely remedy any material irreconcilable conflict, then the Company will withdraw the investment of the affected sub-account of the Separate Account in the Designated Fund and terminate this Agreement within six (6) months after the Board informs the Company in writing of the foregoing determination; provided, however, that such withdrawal and termination will be limited to the extent required by any such material irreconcilable conflict as determined by a majority of the disinterested Trustees of the Trust.

7.8 The Company will at least annually submit to the Trustees such reports, materials or data as the Trustees of the Trust may reasonably request so that the Trustees may fully carry out the duties imposed upon it as delineated in the Mixed and Shared Funding Exemptive Order, and said reports, materials and data will be submitted more frequently if deemed appropriate by the Trustees.

7.9 If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide relief from any provision of the 1940 Act or the rules promulgated thereunder with respect to mixed or shared funding (as defined in the Mixed and Shared Funding Exemptive Order) on terms and conditions materially different from those contained in the Mixed and Shared Funding Exemptive Order, then: (a) the Trust will provide written notice of such differences to the Company; (b) the Trust and/or the Participating Insurance Companies, as appropriate, will take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such rules are applicable; and (c) Sections 4.3, 4.4, 4.5, 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6 of this Agreement will continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such Rule(s) as so amended or adopted.

ARTICLE VIII. - INDEMNIFICATION

.1 Indemnification by the Company

(a) The Company agrees to indemnify and hold harmless the Trust, the Adviser, the Distributor, and each of the Trust's or the Adviser's or the Distributor's directors, trustees, officers, employees or agents and each person, if any, who controls or is associated with the Trust, the Adviser or the Distributor within the meaning of such terms under the federal securities laws (collectively, the "Indemnified Parties" for purposes of this Section 8.1) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Company) or litigation in respect thereof (including reasonable legal and other expenses), to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements:

(1) arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the registration statement, prospectus or SAI for the Contracts or contained in the Contracts or sales literature or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated or necessary to make such statements not misleading in light of the circumstances in which they were made; provided, that this agreement to indemnify will not apply as to any Indemnified Party if such statement or omission of such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Trust, the Adviser, of the Distributor for use in the registration statement, prospectus or SAI for the Contracts or in the Contracts or sales literature (or any amendment or supplement thereto) or otherwise for use in connection with the sale of the Contracts or shares of the Designated Funds; or

(2) arise out of or as a result of statements or representations by or on behalf of the Company (other than statements or representations contained in the Trust registration statement, prospectus, SAI or sales literature or other promotional material of the Trust, or any amendment or supplement to the foregoing, not supplied by the Company or persons under its control) or wrongful conduct of the Company or persons under its control, with respect to the sale or distribution of the Contracts or shares of the Designated Funds; or

(3) arise as a result of the Company's failure to comply with the provisions of Section 1.7 regarding the transmission to the Trust of orders to purchase or redeem shares of the Designated Funds to receive a given Business Day's net asset value; or

(4) arise out of an untrue statement or alleged untrue statement of a material fact contained in the Trust registration statement, prospectus, SAI or sales literature or other promotional material of the Trust (or any amendment or supplement thereto) or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make such statement or statements not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon and in conformity with written information furnished to the Trust by or on behalf of the Company or persons under its control; or

(4) arise as a result of any failure by the Company to provide the services and furnish the materials under the terms of this Agreement; or

(5) arise out of or result from any material breach of any representation and/or warranty made by the Company in this Agreement, including but not limited to Section 2.4, or arise out of or result from any other material breach by the Company of this Agreement;

except to the extent provided in Sections 8.1(b) and 8.4 hereof. This indemnification will be in addition to any liability that the Company otherwise may have.

(b) No party will be entitled to indemnification under Section 8.1(a) if such loss, claim, damage, liability or litigation is due to the willful misfeasance, bad faith, gross negligence, or reckless disregard in the performance of such party's duties and obligations under this Agreement.

(c) The Indemnified Parties promptly will notify in writing the Company of the commencement of any litigation, proceedings, complaints or litigation by regulatory authorities against them in connection with the issuance or sale of the shares of the Designated Funds or the Contracts or the operation of the Trust.

8.2 *Indemnification by the Adviser and Distributor*

(a) The Adviser and Distributor each agrees to indemnify and hold harmless the Company and each of its directors, officers, employees or agents and each person, if any, who controls or is associated with the Company within the meaning of such terms under the federal securities (collectively, the "Indemnified Parties" for purposes of this Section 8.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Adviser and Distributor) or litigation in respect thereof (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements:

(1) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement, prospectus or SAI for the Trust or sales literature or other promotional material generated or approved by The Trust, or by the Adviser or the Distributor on behalf of the Trust (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated or necessary to make such statements not misleading in light of the circumstances in which they were made; provided, that this agreement to indemnify will not apply as to any Indemnified Party if such statement or omission of such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Adviser, the Distributor or the Trust by or on behalf of the Company for use in the registration statement, prospectus or SAI for the Trust or in sales literature generated or approved by the Trust or by the Adviser or the Distributor on behalf of the Trust (or any amendment or supplement thereto) or otherwise for use in connection with the sale of the Contracts or shares of the Designated Funds; or

(2) arise out of or as a result of statements or representations (other than statements or representations contained in the Contracts or in the Contract registration statements, prospectuses or statements of additional information or sales literature or other promotional material for the Contracts, or any amendment or supplement to the foregoing, not supplied by the Adviser or the Distributor or persons under the control of the Adviser or the Distributor respectively) or wrongful conduct of the Adviser or the Distributor or persons under the control of the Adviser or the Distributor respectively, with respect to the sale or distribution of the Contracts or shares of the Designated Funds; or

(3) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, SAI or sales literature or other promotional material covering the Contracts (or any amendment or supplement thereto), or the omission or alleged omission to state therein a material fact required to be stated or necessary to make such statement or statements not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Trust, the Adviser or the Distributor or persons under the control of the Trust, the Adviser or the Distributor; or

(4) arise as a result of any failure by the Adviser or the Distributor to provide the services and furnish the materials under the terms of this Agreement (including a failure, whether unintentional or in good faith or otherwise, to comply with the qualification requirements specified in Section 2.11 and Section 2.12 of this Agreement) or ; or

(5) arise out of or result from any material breach of any representation and/or warranty made by the Adviser or the Distributor in this Agreement, or arise out of or result from any other material breach of this Agreement by the Adviser or the Distributor (including a failure, whether intentional or in good faith or otherwise, of a Designated Fund to comply with the diversification requirements of the Code and Treasury Regulation specified in Article III, Section 3.1 or to comply with the requirements of Subchapter M of the Code specified in Article III, Section 3.3 of this Agreement, as described more fully in Section 8.5 below); or

1. arise out of or result from the materially incorrect or untimely calculation or reporting of daily net asset value per share of a Designated Fund or dividend or capital gain distribution on shares of a Designated Fund;

except to the extent provided in Sections 8.2(b) and 8.4 hereof. This indemnification will be in addition to any liability that the Adviser or Distributor otherwise may have.

(b) No party will be entitled to indemnification under Section 8.2(a) if such loss, claim, damage, liability or litigation is due to the willful misfeasance, bad faith, gross negligence, or reckless disregard in the performance of such party's duties and obligations under this Agreement.

(c) In no event shall the Adviser or the Distributor be liable under the indemnification provisions contained in this Agreement to any individual or entity, including without limitation, the Company, or any Contract owner, with respect to any losses, claims, damages, liabilities or expenses that arise out of or result from the failure by the Company to maintain its segregated asset account(s) under applicable state law and as a duly registered unit investment trust under the provisions of the 1940 Act (unless exempt therefrom) or, subject to compliance by the Designated Funds with the diversification requirements specified in Article III, the failure by the Company to maintain its Contracts (with respect to which any Designated Fund serves as an underlying funding vehicle) as life insurance, endowment or annuity contracts under applicable provisions of the Code.

(d) The Indemnified Parties promptly will notify in writing the Adviser and the Distributor of the commencement of any litigation, proceedings, complaints or litigation by regulatory authorities against them in connection with the issuance or sale of the Contracts or the operation of the Separate Account.

8.3 *Indemnification by the Trust*

(a) The Trust agrees to indemnify and hold harmless the Company and each of its directors, officers, employees or agents and each person, if any, who controls or is associated with the Company within the meaning of such terms under the federal securities laws (collectively, the "Indemnified Parties" for purposes of this Section 8.3) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Trust) or litigation in respect thereof (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements, are related to the operations of the Trust and:

(1) arise as a result of any failure by the Trust to provide the services and furnish the materials under the terms of this Agreement; or

(2) arise out of or result from any material breach of any representation and/or warranty made by the Trust in this Agreement or arise out of or result from any other material breach of this Agreement by the Trust (including a failure, whether intentional or in good faith or otherwise, of the Trust or a Designated Fund to comply with the requirements of Subchapter M of the Code specified in Article III, Section 3.3 of this Agreement as described more fully in Section 8.5 below);

except to the extent provided in Sections 8.3(b) and 8.4 hereof. This indemnification will be in addition to any liability that the Trust otherwise may have.

(b) No party will be entitled to indemnification under Section 8.3(a) if such loss, claim, damage, liability or litigation is due to the willful misfeasance, bad faith, gross negligence, or reckless disregard in the performance of such party's duties and obligations under this Agreement.

(c) In no event shall the Trust be liable under the indemnification provisions contained in this Agreement to any individual or entity, including without limitation, the Company, or any Contract owner, with respect to any losses, claims, damages, liabilities or expenses that arise out of or result from the failure by the Company to maintain its segregated asset account(s) under applicable state law and as a duly registered unit investment trust under the provisions of the 1940 Act (unless exempt therefrom) or, subject to compliance by the Designated Funds with the diversification requirements specified in Article III, the failure by the Company to maintain its Contracts (with respect to which any Designated Fund serves as an underlying funding vehicle) as life insurance, endowment or annuity contracts under applicable provisions of the Code.

(d) The Indemnified Parties each agree to promptly notify in writing the Trust of the commencement of any litigation, proceedings, complaints or actions by regulatory authorities against itself or any of its respective officers or directors in connection with the Agreement, the issuance or sale of the Contracts, the operation of the Separate Account(s), or the sale or acquisition of shares of the Trust.

.4 Indemnification Procedure

Any person obligated to provide indemnification under this Article VIII ("Indemnifying Party" for the purpose of this Section 8.4) will not be liable under the indemnification provisions of this Article VIII with respect to any claim made against a party entitled to indemnification under this Article VIII ("Indemnified Party" for the purpose of this Section 8.4) if such Indemnified Party has failed to notify in writing the Indemnifying Party in accordance with its obligations under Sections 8.1(c), 8.2(c) or 8.3(d), as applicable, but failure to notify the Indemnifying Party or any such claim will not relieve the Indemnifying Party from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of the indemnification provision of this Article VIII, except to the extent that the failure to notify results in the failure of actual notice to the Indemnifying Party and such Indemnifying Party is damaged solely as a result of failure to give such notice. In case any such action is brought against the Indemnified Party, the Indemnifying Party will be entitled to participate, at its own expense, in the defense thereof. The Indemnifying Party also will be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Indemnifying Party to the Indemnified Party of the Indemnifying Party's

election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Indemnifying Party will not be liable to Indemnified Party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation, unless: (a) the Indemnifying Party and the Indemnified Party will have mutually agreed to the retention of such counsel; or (b) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Indemnifying Party will not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there is a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. A successor by law of the parties to this Agreement will be entitled to the benefits of the indemnification contained in this Article VIII. The indemnification provisions contained in this Article VIII will survive any termination of this Agreement.

8.5 Indemnification for Failure to Comply with Diversification Requirements

The Trust and the Adviser acknowledge that if a Designated Fund fails (whether intentionally or in good faith or otherwise) to comply with the diversification requirements specified in Article III, Section 3.1 and Section 3.3 of this Agreement, the Contracts consequently may not be treated as variable contracts for federal income tax purposes, which would have adverse tax consequences for Contract owners and could also adversely affect the Company's corporate tax liability. Accordingly, without in any way limiting the effects of Sections 8.2(a) and 8.3(a) hereof and without in any way limiting or restricting any other remedies available to the Company, the Adviser and the Distributor will pay on a joint and several basis all costs associated with or arising out of any failure, or any anticipated or reasonably foreseeable failure, of any Designated Fund to comply with Section 3.1. and Section 3.3 of this Agreement, including all costs associated with correcting or responding to any such failure; such costs may include, but are not limited to, the costs involved in creating, organizing, and registering a new investment company as a funding medium for the Contracts and/or the costs of obtaining whatever regulatory authorizations are required to substitute shares of another investment company for those of the failed Designated Fund (including but not limited to an order pursuant to Section 26(b) of the 1940 Act); reasonable fees and expenses of legal counsel and other advisers of the Company and any federal income taxes or tax penalties (or "toll charges" {Please explain "toll charges"} or exactments or amounts paid in settlement) reasonably incurred by the Company in connection with any such failure or anticipated or reasonably foreseeable failure. Such indemnification and reimbursement obligation shall be in addition to any other indemnification and reimbursement obligations of the Adviser and/or the Distributor under this Agreement.

8.6 Indemnification for Failure to Comply with Code Provisions

The Company acknowledges that if a Separate Account fails (whether intentionally or in good faith or otherwise) to comply with the Code provisions specified in Article II, Section 2.2 of this Agreement or other Code provisions related to the maintenance of the contracts as variable contracts for federal income tax purposes the failure of the contracts to be treated as variable contracts for federal income tax purposes would have adverse consequences for the Designated Funds serving as funding vehicles for Participating Insurance Companies. Accordingly, without in any way limiting the effects of Sections 8.1(a) hereof and without in any way limiting or restricting any other remedies available to the Trust, the Adviser and the Distributor, the Company will pay all costs associated with or arising out of any failure, or any anticipated or reasonably foreseeable failure, of any Separate Account to comply with Section 2.2 of this Agreement or Code provisions related to the maintenance of the contracts as variable contracts for federal income tax purposes, including all costs associated with correcting or responding to any such failure; such costs may include, but are not limited to, reasonable fees and expenses of legal counsel and other advisers of the Trust, the Adviser and the Distributor in connection with any such failure or anticipated or reasonably foreseeable failure. Such indemnification and reimbursement obligation shall be in addition to any other indemnification and reimbursement obligations of the Company under this Agreement.

ARTICLE IX. - APPLICABLE LAW

9.1 This Agreement will be construed and the provisions hereof interpreted under and in accordance with the laws of the State of Delaware.

9.2 This Agreement will be subject to the provisions of the 1933 Act, the 1934 Act and the 1940 Act, and the rules and regulations and ruling thereunder, including such exemptions from those statutes, rules and regulations as the SEC may grant (including, but not limited to, the Mixed and Shared Funding Exemptive Order) and the terms hereof will be interpreted and construed in accordance therewith. If, in the future, the Mixed and Shared Funding Exemptive Order should no longer be necessary under applicable laws, then Article VII shall no longer apply.

ARTICLE X. - TERMINATION

.1 This Agreement will terminate automatically in the event of its assignment, unless made with the prior written consent of each party. This agreement may also be terminated:

(a) at the option of any party, with or without cause, with respect to one, some or all of the Designated Funds, upon sixty (60) days' advance written notice to the other parties or, if later, upon receipt of any required exemptive relief or orders from the SEC, unless otherwise agreed in a separate written agreement among the parties; or

(b) at the option of the Company, upon written notice to the other parties, with respect to any Designated Fund if shares of the Designated Fund are not reasonably available to meet the requirements of the Contracts as determined in good faith by the Company; or

(c) at the option of the Company, upon written notice to the other parties, with respect to any Designated Fund in the event any of the Designated Fund's shares are not registered, issued or sold in accordance with applicable state and/or federal law or such law precludes the use of such shares as the underlying investment media of the Contracts issued or to be issued by the Company; or

(d) at the option of the Trust upon institution of formal proceedings against the Company by the NASD, the SEC, the insurance commission of any state or any other regulatory body regarding the Company's duties under this Agreement or related to the sale of the Contracts, the administration of the Contracts, the operation of any Separate Account, or the purchase of the Trust shares, provided that the Trust determines in its reasonable judgment that any such proceeding would have a material adverse effect on the Company's ability to perform its obligations under this Agreement; or

(e) at the option of the Company upon institution of formal proceedings against the Trust, the Adviser or the Distributor by the NASD, the SEC or any state securities or insurance commission or any other regulatory body, provided that the Company determines in its reasonable judgment that any such proceeding would have a material adverse effect on the Trust's, the Adviser's or the Distributor's ability to perform its obligations under this Agreement; or

(f) at the option of the Company, if the Trust or any Designated Fund ceases to qualify as a Regulated Investment Company under Subchapter M of the Code, or under any successor or similar provision, or if the Company reasonably believes that any Designated Fund may fail to so qualify; or

(g) subject to the Company's compliance with Article II, at the option of the Company, with respect to any Designated Fund, if any Designated Fund fails to meet the diversification requirements specified in Section 3.1 hereof or if the Company reasonably believes any Designated Fund may fail to meet such requirements; or

(h) at the option of any party to this Agreement, upon another party's material breach of any provision of this Agreement; or

(i) at the option of the Company, if the Company determines in its sole judgment exercised in good faith that either the Trust, the Adviser or the Distributor has suffered a material adverse change in its business, operations or financial condition since the date of this Agreement or is the subject of material adverse publicity which is likely to have a material adverse impact upon the business and operations of the Company or the Contracts (including the sale thereof); or

(j) at the option of the Trust, the Adviser or the Distributor, if the Trust, the Adviser or the Distributor respectively, determines in its sole judgment exercised in good faith that the Company has suffered a material adverse change in its business, operations or financial condition since the date of this Agreement or is the subject of material adverse publicity which is likely to have a material adverse impact upon the business and operations of the Trust, the Adviser or the Distributor; or

(k) at the option of the Company or the Trust upon receipt of any necessary regulatory approvals and/or the vote of the Contract owners having an interest in a Separate Account (or any sub-account) to substitute the shares of another investment company for the corresponding Designated Fund's shares in accordance with the terms of the Contracts for which those Designated Fund shares had been selected to serve as the underlying portfolio. The Company will give sixty (60) days' prior written notice to the Trust of the date of any proposed vote or other action taken to replace the shares of a Designated Fund or of the filing of any required regulatory approval(s); or

(l) at the option of the Company or the Trust upon a determination by a majority of the Trust Board, or a majority of the Trust's disinterested Trustees, that a material irreconcilable conflict exists among the interests of: (1) all Contract owners of variable insurance products of all separate accounts; or (2) the interests of the Participating Insurance Companies investing in the Trust as set forth in Article VII of this Agreement; or

(m) subject to the Trust's compliance with Article III, at the option of the Trust in the event any of the Contracts are not issued in accordance with applicable federal and/or state law, or will not be treated as annuity contracts, life insurance policies and/or variable contracts (as applicable) under applicable provisions of the Code, or in the event any representation or warranty of the Company in Section 2.1 is no longer true. Termination will be effective immediately upon such occurrence without notice.

10.2 *Notice Requirement*

(a) In the event that any termination of this Agreement is based upon the provisions of Article VII, such prior written notice will be given in advance of the effective date of termination as required by such provisions.

(b) In the event that a party to this Agreement terminates the Agreement based upon the provisions of Sections 10.1(b)-(h), prompt written notice of the election to terminate this Agreement for cause shall be furnished by the party terminating the Agreement to the non-terminating party(ies). The Agreement shall be terminated effective upon receipt of such notice by the non-terminating party(ies).

(c) In the event that a party to this Agreement terminates the Agreement based upon the provisions of Sections 10.1(i) or (j), prior written notice of the election to terminate this Agreement for cause shall be furnished by the party terminating the Agreement to the non-terminating party(ies). Such prior written notice shall be given by the party terminating this Agreement to the non-terminating party(ies) at least sixty (60) days before the effective date of termination.

10.3 *Effect of Termination*

Notwithstanding any termination of this Agreement, the Trust and the Distributor will, at the option of the Company, continue to make available additional shares of the Designated Funds pursuant to the terms and conditions of this Agreement, for all Contracts in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts"), unless the Distributor requests that the Company seek an order pursuant to Section 26(b) of the

1940 Act to permit the substitution of other securities for the shares of the Designated Funds. The Distributor will be responsible for the cost of seeking such order and the Company agrees that it will cooperate with the Distributor and seek such an order upon request. Specifically, without limitation, the owners of the Existing Contracts will be permitted to reallocate investments in the Designated Funds (as in effect on such date), redeem investments in the Designated Funds and/or invest in the Designated Funds upon the making of additional purchase payments under the Existing Contracts. The parties agree that this Section 10.3 will not apply to any terminations under Article VII and the effect of such Article VII terminations will be governed by Article VII of this Agreement. The parties further agree that this Section 10.3 will not apply to any termination under 10.1(m) of this Agreement.

10.4 *Surviving Provisions*

Notwithstanding any termination of this Agreement, each party's obligations under Article VIII to indemnify other parties will survive and not be affected by any termination of this Agreement. In addition, with respect to Existing Contracts, all provisions of this Agreement also will survive and not be affected by any termination of this Agreement.

ARTICLE XI. -- NOTICES

Any notice will be deemed duly given when sent by certified mail, return receipt requested, to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other parties. All notices will be deemed given three (3) Business Days after the date received or rejected by the address:

If to Sun Life Assurance Company of Canada (U.S.):

One Sun Life Executive Park, SC 1335

Wellesley Hills, Massachusetts 02481

Attn: Susan Lazzo

If to Sun Life Insurance and Annuity Company of New York

:

One Sun Life Executive Park, SC 133518

Wellesley Hills, Massachusetts 02481

Attn: Susan Lazzo

If to the Trust

:

Delaware VIP Trust

1818 Market Street

Philadelphia, PA 19103

Attn: General Counsel

If to the Adviser

:

Delaware Management Company

One Commerce Square

Philadelphia, PA 19104

Attn: General Counsel

If to the Distributor

:

Delaware Distributors, L.P.

1818 Market Street

Philadelphia, PA 19103

Attn: General Counsel

ARTICLE XII. -- MISCELLANEOUS

12.1 All persons dealing with the Trust must look solely to the property of the Trust or, in the event of a claim relating to a particular Designated Fund, the relevant Designated Fund for the enforcement of any claims against the Trust or the Designated Fund, as the case may be, as neither the trustees, officers, agents or shareholders assume any personal liability for obligations entered into on behalf of the Trust or any Designated Funds.

.2 The Trust, the Adviser and the Distributor each acknowledges that the identities of the customers of the Company or any of its affiliates (collectively the "Protected Parties" for purposes of this Section 12.2), information maintained regarding Protected Parties, and all computer programs and procedures developed by the Protected Parties or any of their employees or agents in connection with the Company's performance of its duties under this Agreement are the valuable property of the Protected Parties. The Trust, the Adviser and the Distributor agree that if they come into possession of any list or compilation of the identities of or other information about customers of the Protected Parties, or any other property of the Protected Parties, other than such information as may be independently developed or compiled by the Trust, the Adviser or the Distributor from information supplied to them by customers of the Protected Parties who also maintain accounts directly with the Trust, the Adviser and the Distributor, the Trust, the Adviser or the Distributor will hold such information or property in confidence and refrain from using, disclosing or distributing any of such information or other property except: (a) with the Company's prior written consent; or (b) as required by law or judicial process. Subject to the requirements of legal process and regulatory authority, each party hereto shall treat as confidential any "non-public personal information" about any "consumer" of any party as such terms are defined in the SEC's Regulation S-P and shall not disclose or use such information without the express written consent of other party. Such consent shall specify the purposes for which information may be disclosed or used, which disclosure or use shall be consistent with Regulation S-P. The Trust and the Adviser and the Distributor each acknowledges that any breach of the agreements in this Section 12.2 would result in immediate and irreparable harm

to the Protected Parties for which there would be no adequate remedy at law and agree that in the event of such a breach, the Protected Parties will be entitled to equitable relief by way of temporary and permanent injunctions, as well as such other relief as any court of competent jurisdiction deems appropriate. This provision shall survive the termination of this Agreement. 12.3 The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

12.4 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together will constitute one and the same instrument.

12.5 If any provision of this Agreement will be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement will not be affected thereby.

12.6 This Agreement will not be assigned by any party hereto, without the prior written consent of all of the parties.

12.7 The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal law.

12.8 The parties to this Agreement acknowledge and agree that this Agreement shall not be exclusive in any respect.

12.9 Each party to this Agreement will cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the NASD and state insurance regulators) and will permit each other and such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

12.10 Each party represents that the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate or trust action, as applicable, by such party and when so executed and delivered this Agreement will be the valid and binding obligation of such party enforceable in accordance with its terms.

12.11 This Agreement may be amended by written instrument signed by all parties to the Agreement. Notwithstanding the above, the parties to this Agreement may amend the schedules to this Agreement from time to time to reflect changes in or relating to the Contracts, the Separate Accounts or the Funds of the Trust or other applicable terms of this Agreement.

IN WITNESS WHEREOF

, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its duly authorized representative and its seal to be hereunder affixed hereto as of the date specified below.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

SUN LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

DELAWARE VIP TRUST

By:

Name:

Title:

Date:

DELAWARE MANAGEMENT COMPANY

By:

Name:

Title:

Date:

DELAWARE DISTRIBUTORS, L.P.

By:

Name:

Title:

Date:

PARTICIPATION AGREEMENT

SCHEDULE A

The following Separate Accounts and Associated Contracts of the Company are permitted in accordance with the provisions of the Participation Agreement to invest in the Designated Funds of the Delaware VIP Trust shown in Schedule B.

NAME OF SEPARATE REGISTERED ACCOUNT:

Sun Life of Canada (U.S.) Separate Account I

Sun Life of Canada (U.S.) Separate Account G

Sun Life (N.Y.) Separate Account D

REGISTERED CONTRACT(S):

Futurity Accumulator

Futurity Protector

Futurity Accumulator II

Futurity Protector II

Futurity Survivorship II

Sun Life Large Case VUL

NAME OF SEPARATE NON-REGISTERED ACCOUNT:

Keyport 401 Variable Account P

UNREGISTERED CONTRACT(S):

PARTICIPATION AGREEMENT

SCHEDULE B

In accordance with the provisions of the Participation Agreement, the Separate Account(s) shown on Schedule A may invest in the following Funds of the Trust:

NAME: SHARE CLASS:

Delaware VIP Growth Opportunities Series Standard

Delaware VIP REIT Series Standard

Delaware VIP Small Cap Value Series Standard

Delaware VIP Trend Series Standard

PARTICIPATION AGREEMENT

SCHEDULE C

PROXY VOTING PROCEDURES

The following is a list of procedures and corresponding responsibilities for the handling of proxies and voting instructions relating to the Delaware VIP Trust (the "Trust") under the Participation Agreement (the "Agreement"). The defined terms herein shall have the meanings assigned in the Agreement except that the term "Company" shall also include the department or third party assigned by the Company to perform the steps delineated below.

1. The proxy proposals are given to the Company by the Trust as early as possible before the date set by the Trust for the shareholder meeting to enable the Company to consider and prepare for the solicitation of voting instructions from owners of the Contracts and to facilitate the establishment of tabulation procedures. At this time the Trust will inform the Company of the Record, Mailing and Meeting dates. This will be done verbally and in writing approximately two months before meeting.

2. Promptly after the Record Date, the Company will perform a "tape run," or other activity, which will generate the names, addresses and number of units which are attributed to each contract owner/policyholder (the "Customer") as of the Record Date. Allowance should be made for account adjustments made after this date that could affect the status of the Customers' accounts as of the Record Date.

Note: The number of proxy statements is determined by the activities described in this Step #2. The Company will use its best efforts to call in the number of Customers to the Trust, as soon as possible, but no later than two weeks after the Record Date.

3. The Trust's Annual Report must be sent to each Customer by the Company either before or together with the Customers' receipt of voting, instruction solicitation material. The Trust will provide the last Annual Report to the Company pursuant to the terms of Section 6.3 of the Agreement.

4. The text and format for the Voting Instruction Cards ("Cards" or Card") is provided to the Company by the Trust. The Company, at the Trust's expense, shall produce and personalize the Voting Instructions Cards. The Trust or its affiliate must approve the Card before it is printed. Allow approximately 2-4 business days for printing information on the Cards. Information commonly found on the Cards includes:

- name (legal name as found on account registration)
- address
- Trust or account number
- coding to state number of units
- individual Card number for use in tracking and verification of votes (already on Cards as printed by the Trust).

(This and related steps may occur later in the chronological process due to possible uncertainties relating to the proposals.)

5. During this time, the Trust will develop, produce and pay for the Notice of Proxy and the Proxy Statement (one document). Printed and folded notices and statements will be sent to Company for insertion into envelopes (envelopes and return envelopes are provided and paid for by the Trust). Contents of envelope sent to Customers by the Company will include:

- Voting Instruction Card(s)
- one proxy notice and statement (one document)
- return envelope (postage pre-paid) addressed to the Company or its tabulation agent
- "urge bucksliip" - optional, but recommended. (This is a small, single sheet of paper that requests Customers to vote as quickly as possible and that their vote is important. One copy will be supplied by the Trust.)
- cover letter - optional, supplied by Company and reviewed and approved in advance by the Trust

6. The above contents should be received by the Company approximately 3-5 business days before mail date. Individual in charge at Company reviews and approves the contents of the mailing package to ensure correctness and completeness. Copy of this approval sent to the Trust.

7. Package mailed by the Company.

* The Trust must allow at least 15-day solicitation time to the Company as the shareowner. (A 5-week period is recommended.) Solicitation time is calculated as calendar days from (but NOT including) the meeting, counting backwards.

8. Collection and tabulation of Cards begins. Tabulation usually takes place in another department or another vendor depending on process used. An often used procedure is to sort Cards on arrival by proposal into vote categories of all yes, no or mixed replies, and to begin data entry.

9. Signature on Card checked against legal name on account registration which was printed on the Card. **Note:** For Example, if the account registration is under "John A. Smith, Trustee," then that is the exact legal name to be printed on the Card and is the signature needed on the Card.
10. If Cards are mutilated, or for any reason are illegible or are not signed properly, they are sent back to Customer with an explanatory letter and a new Card and return envelope. The mutilated or illegible Card is disregarded and considered to be NOT RECEIVED for purposes of vote tabulation. Any Cards that have been "kicked out" (e.g., mutilated, illegible) or the procedure are "hand verified," i.e., examined as to whether they did not complete the system. Any questions on those Cards are usually remedied individually.
11. There are various control procedures used to ensure proper tabulation of votes and accuracy of that tabulation. The most prevalent is to sort the Cards as they first arrive into categories depending upon their vote; an estimate of how the vote is progressing may then be calculated. If the initial estimates and the actual vote do not coincide, then an internal audit of that vote should occur. This may entail a recount.
12. The actual tabulation of votes is done in units which is then converted to shares. (It is very important that the Trust receives the tabulations stated in terms of a percentage and the number of SHARES.) The Trust must review and approve tabulation format.
13. Final tabulation in shares is verbally given by the Company to the Trust on the morning of the meeting not later than 10:00 a.m. Eastern time. The Trust may request an earlier deadline if reasonable and if required to calculate the vote in time for the meeting.
14. A Certification of Mailing and Authorization to Vote Shares will be required from the Company as well as an original copy of the final vote. The Trust will provide a standard form for each Certification.
15. The Company will be required to box and archive the Cards received from the Customers for a period of seven years. In the event that any vote is challenged or if otherwise necessary for legal, regulatory, or accounting purposes, the Trust will be permitted reasonable access to such Cards.
16. All approvals and "signing-off" may be done orally, but must always be followed up in writing.

PARTICIPATION AGREEMENT

SCHEDULE D

PURCHASE AND REDEMPTION ORDER PROCEDURES

The following is a list of procedures and corresponding responsibilities for the processing of purchase and redemption orders relating to the Delaware VIP Trust (the "Trust") under the Participation Agreement (the "Agreement"). The defined terms herein shall have the meanings assigned in the Agreement except that the term "Company" shall also include the department assigned by the Company to perform the steps delineated below.

1. The Company shall transmit any purchase or redemption order to the Trust or its designated affiliate electronically by an automated file in a form acceptable to the Trust.
2. The purchase or redemption order must be received no later than the times specified in Sections 1.1 and 1.3 of the Agreement.

3. The Trust or its designated affiliate shall send confirmations of the purchase and redemption orders to the Company no later than 10:30 a.m. on the Business Day that the purchase or redemption order is deemed to be received pursuant to Sections 1.1 or 1.3 of the Agreement.
4. The Company shall submit any corrections to the purchase or redemption order to the Trust or its designated affiliate no later than 11:30 a.m. on the same Business Day that the purchase or redemption order is deemed to be received pursuant to the Sections 1.1 or 1.3 of the Agreement.

PARTICIPATION AGREEMENT

Among

VAN KAMPEN LIFE INVESTMENTS TRUST,

VAN KAMPEN FUNDS INC.,

VAN KAMPEN ASSET MANAGEMENT

and

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

Dated as of

May 1, 2004

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THIS AGREEMENT is made and entered into as of the 1st day of May, 2004 by and among SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.) (the "Company"), a Delaware corporation, on its own behalf and on behalf of each separate account of the Company set forth on Schedule A hereto as may be amended from time to time (each such account referred to as an "Account"), VAN KAMPEN LIFE INVESTMENT TRUST (the "Fund"), a Delaware business trust, VAN KAMPEN FUNDS INC. (the "Underwriter"), a Delaware corporation, and VAN KAMPEN ASSET MANAGEMENT (the "Adviser"), a Delaware corporation.

WHEREAS, the Fund engages in business as an open-end management investment company and is available to act as the investment vehicle for separate accounts established by insurance companies for individual and group life insurance policies and annuity contracts with variable accumulation and/or pay-out provisions (hereinafter referred to individually and/or collectively as "Variable Insurance Products"); and

WHEREAS, insurance companies desiring to utilize the Fund as an investment vehicle under their Variable Insurance Products enter into participation agreements with the Fund, the Underwriter and the Adviser (the "Participating Insurance Companies"); and

WHEREAS, shares of the Fund are divided into several series of shares, each representing the interest in a particular managed portfolio of securities and other assets, any one or more of which may be made available under this Agreement; and

WHEREAS, the Fund intends to offer shares of the series set forth on Schedule B hereto (each such series referred to as a "Portfolio"), as such Schedule may be amended from time to time by mutual agreement of the parties hereto, to the Account(s) of the Company (all references herein to "shares" of a Portfolio shall mean the class or classes of shares specifically identified on Schedule B); and

WHEREAS, the Fund has obtained an order from the Securities and Exchange Commission ("SEC"), dated September 19, 1990 (File No. 812-7552), granting Participating Insurance Companies and Variable Insurance Product separate accounts exemptions from the provisions of Sections 9(a), 13(a), 15(a), and 15(b) of the Investment Company Act of 1940, as amended (the "1940 Act"), and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Fund to be sold to and held by Variable Insurance Product separate accounts of both affiliated and unaffiliated life insurance companies (the "Shared Funding Exemptive Order"); and

WHEREAS, the Fund is registered as an open-end management investment company under the 1940 Act and its shares are registered under the Securities Act of 1933, as amended (the "1933 Act"); and

WHEREAS, the Adviser is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and any applicable state securities laws; and

WHEREAS, the Adviser manages the Portfolios of the Fund; and

WHEREAS, the Underwriter is registered as a broker/dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act"), is a member in good standing of the National Association of Securities Dealers, Inc. (the "NASD") and serves as principal underwriter of the shares of the Fund; and

WHEREAS, the Company offers or proposes to offer certain Variable Insurance Products that it has registered (or will register) under the 1933 Act (the "Registered Contracts"), as well as other Variable Insurance Products that are not registered under the 1933 Act (the "Unregistered Contracts," and together with the Registered Contracts, the "Contracts"), each as set forth on Schedule A hereto; and

WHEREAS, each Account is a duly organized, validly existing segregated asset account, established by resolution or under authority of the Board of Directors of the Company, on the date shown for such Account on Schedule A hereto, to set aside and invest assets attributable to the Contracts; and

WHEREAS, the Company has registered (or will register) certain Accounts as unit investment trusts under the 1940 Act that are attributable to the Registered Contracts (the "Registered Accounts"), while certain other Accounts that are attributable to the Unregistered Contracts will not be registered under the 1940 Act (the "Unregistered Accounts," and together with the Registered Accounts, the "Accounts"), each as set forth on Schedule A hereto; and

WHEREAS, to the extent permitted by applicable insurance laws and regulations, the Company intends to purchase shares of the Portfolios, on behalf of each Account or sub-Account thereof (together, as applicable, an "Account"), to fund the Contracts and the Underwriter is authorized to sell such shares to each such Account at net asset value.

NOW, THEREFORE, in consideration of their mutual promises, the Company, the Fund, the Underwriter and the Adviser agree as follows:

ARTICLE I. Purchase and Redemption of Fund Shares

1.1. The Fund and the Underwriter agree to make available for purchase by the Company shares of the Portfolio(s) and shall execute purchase orders placed for each Account on each Business Day at the net asset value next computed after receipt by the Fund or its designee of such purchase order. For purposes of this Section 1.1, the Company shall be the designee of the Fund and the Underwriter for receipt of such purchase orders from each Account and receipt by such designee shall constitute receipt by the Fund; provided that the Fund receives notice of such order by 10:00 a.m. Eastern time on the next following Business Day. "Business Day" shall mean any day on which the New York Stock Exchange, Inc. is open for trading and on which the Fund calculates its net asset value pursuant to SEC rules.

1.2. The Fund, so long as this Agreement is in effect, agrees to make shares of the Portfolios available for purchase at the applicable net asset value per share by the Company and its Accounts on those days on which the Fund calculates its net asset value pursuant to SEC rules and the Fund shall use reasonable efforts to calculate such net asset value on each day that the New York Stock Exchange, Inc. is open for trading. Notwithstanding the foregoing, the Board of Trustees of the Fund (the "Board") may refuse to permit the Fund to sell shares of any Portfolio to any person, or suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Board acting in good faith and in light of its fiduciary duties under federal and any applicable state laws, necessary in the best interests of the shareholders of such Portfolio.

1.3. The Fund and the Underwriter agree that shares of the Fund will be sold only to Participating Insurance Companies and their separate accounts. No shares of a Portfolio will be sold to the general public.

1.4. The Fund and the Underwriter agree to redeem for cash, on the Company's request, any full or fractional shares of the Portfolio(s) held by the Company, executing such redemption requests for each Account on each Business Day at the net asset value next computed after receipt by the Fund or its designee of the request for redemption. For purposes of this Section 1.4, the Company shall be the designee of the Fund and the Underwriter for receipt of requests for redemption from each Account and receipt by such designee shall constitute receipt by the Fund; provided that the Fund receives notice of such request for redemption by 10:00 a.m. Eastern time on the next following Business Day.

1.5. The Company agrees that purchases and redemptions of Portfolio shares offered by the then current prospectus of the Fund shall be made in accordance with the provisions of such prospectus.

1.6. The Company shall pay for Portfolio shares on the next Business Day after an order to purchase Fund shares is made in accordance with the provisions of Section 1.1 hereof. Payment shall be in federal funds transmitted by wire and the Company agrees to use its best efforts to transmit such funds by no later than 2:00 p.m. Eastern time on the day of transmission. For purposes of Sections 2.10 and 2.11, upon receipt by the Fund of the federal funds so wired, such funds shall cease to be the responsibility of the Company and shall become the responsibility of the Fund.

1.7. Issuance and transfer of the Fund's shares will be by book entry only. Share certificates will not be issued to the Company or any Account. Shares ordered from the Fund will be recorded in an appropriate title for each Account or the appropriate sub-account of each Account.

1.8. The Fund shall use its best efforts to furnish same-day notice (by wire or telephone, followed by written confirmation) to the Company of any income dividends or capital gain distributions payable on Portfolio shares. The Company hereby elects to receive all such income dividends and capital gain distributions as are payable on a Portfolio's shares in additional shares of that Portfolio. The Company reserves the right to revoke this election and to receive all such income dividends and capital gain distributions in cash. The Fund shall notify the Company of the number of shares so issued as payment of such dividends and distributions.

1.9. The Fund shall make the net asset value per share for each Portfolio available to the Company on each Business Day as soon as reasonably practical after the net asset value per share is calculated (normally by 6:30 p.m. Eastern time) and shall use its best efforts to make such net asset value per share available by 7:00 p.m. Eastern time.

1.10. The Company shall not redeem Fund shares attributable to the Contracts (as distinct from Fund shares attributable to the Company's assets held in the Account) except (i) as necessary to implement Contract owner initiated or approved transactions, (ii) as required by state and/or federal laws or regulations or judicial or other legal precedent of general application (hereinafter referred to as a "Legally Required Redemption") or (iii) as permitted by an order of the SEC pursuant to Section 26(c) of the 1940 Act. Upon request, the Company will promptly furnish to the Fund the opinion of counsel for the Company (which counsel shall be reasonably satisfactory to the Fund) to the effect that any redemption pursuant to clause (ii) above is a Legally Required Redemption. Furthermore, except in cases where permitted under the terms of the Contracts, the Company shall not prevent Contract owners from allocating payments to a Portfolio that was otherwise available under the Contracts without first giving the Fund sixty (60) days prior written notice of its intention to do so.

ARTICLE II. Representations and Warranties

2.1. The Company represents and warrants that: (i) it is an insurance company duly organized and in good standing under applicable law; (ii) it has legally and validly established each Account prior to any issuance or sale thereof as a segregated asset account under applicable laws and regulations; (iii) it has registered or, prior to any issuance or sale of the Registered Contracts, will register and will thereafter maintain the registration of each Registered Account as a unit investment trust in accordance with the provisions of the 1940 Act to serve as a segregated investment account for the Registered Contracts; (iv) the Unregistered Accounts are exempt from the registration requirements of the 1940 Act under the provisions of Section 3(c)(1) or 3(c)(7) thereof; and (v) the Unregistered Accounts are exempt from the provisions of Section 12(d)(1) of the 1940 Act under the provisions of Section 12(d)(1)(E) of the 1940 Act. The

Company further represents and warrants that: (i) the Registered Contracts are or will be registered and shall remain registered under the 1933 Act; (ii) the Unregistered Contracts are exempt from the registration requirements of the 1933 Act under the provisions of Section 4(2) thereof; (iii) the Contracts will be issued and sold in compliance in all material respects with all applicable federal and state laws; and (iv) the sale of the Contracts shall comply in all material respects with state insurance suitability requirements. The Company shall amend the registration statement for the Registered Accounts and the Registered Contracts under the 1940 Act and the 1933 Act, respectively, from time to time as required in order to effect the continuous offering of the Registered Contracts; moreover, the Company will notify the Fund immediately in writing of any changes in facts or circumstances leading the Company to believe that any of the exemptions described above with respect to the Unregistered Contracts or Unregistered Accounts are not applicable as represented.

2.2. The Fund and the Underwriter represent and warrant that Fund shares sold pursuant to this Agreement shall be registered under the 1933 Act, duly authorized for issuance and sold in compliance with the laws of the State of Delaware and all applicable federal and state securities laws and that the Fund is and shall remain registered under the 1940 Act. The Fund shall amend the registration statement for its shares under the 1933 Act and the 1940 Act from time to time as required in order to effect the continuous offering of its shares. The Fund shall register and qualify the shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by the Fund.

2.3. The Fund represents that it is currently qualified as a Regulated Investment Company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will use its best efforts to maintain such qualification (under Subchapter M or any successor or similar provision) and that it will notify the Company immediately upon having a reasonable basis for believing that it has ceased to so qualify.

2.4. The Company represents and warrants that each Account is and will continue to be a "segregated asset account" under applicable provisions of the Code and applicable Treasury Regulations promulgated thereunder and that each Contract is and will continue to be treated as a "variable contract" under applicable provisions of the Code and applicable Treasury Regulations promulgated thereunder. The Company further represents and warrants that it will make every effort to maintain such treatment and that it will notify the Fund immediately upon having a reasonable basis for believing that any Account or Contract has ceased to be so treated or that any Account or Contract might not be so treated in the future.

2.5. The Fund represents that to the extent that it decides to finance distribution expenses pursuant to Rule 12b-1 under the 1940 Act, the Fund undertakes to have the Board, a majority of whom are not interested persons of the Fund, formulate and approve any plan under Rule 12b-1 to finance distribution expenses.

2.6. The Fund makes no representation as to whether any aspect of its operations (including, but not limited to, fees and expenses and investment policies) complies with the insurance laws or regulations of the various states.

2.7. The Fund represents that it is lawfully organized and validly existing under the laws of the State of Delaware and that it does and will comply in all material respects with the 1940 Act.

2.8. The Adviser represents and warrants that it is and shall remain duly registered in all material respects under all applicable federal and state securities laws and that it will perform its obligations for the Fund in compliance in all material respects with the laws of its state of domicile and any applicable state and federal securities laws.

2.9. The Underwriter represents and warrants that it is and shall remain duly registered in all material respects under all applicable federal and state securities laws and that it will perform its obligations for the Fund in compliance in all material respects with the laws of its state of domicile and any applicable state and federal securities laws.

2.10. The Fund represents and warrants that all of its trustees, officers, employees, and other individuals/entities dealing with the money and/or securities of the Fund are and shall continue to be at all times covered by a blanket

fidelity bond or similar coverage for the benefit of the Fund in an amount not less than the minimum coverage as currently required by Rule 17g-1 of the 1940 Act or related provisions as may be promulgated from time to time. The aforesaid blanket fidelity bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company.

2.11 The Company represents and warrants that all of its directors, officers, employees, investment advisers, and other individuals/entities dealing with the money and/or securities of the Account(s) are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Company and/or the Account(s) that is reasonable and customary in light of the Company's obligations under this Agreement. The Company agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Fund, the Underwriter and the Adviser in the event that such coverage no longer applies.

2.12 The Adviser represents and warrants that all of its directors, officers, employees, and other individuals/entities dealing with the money and/or securities of the Fund are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Fund that is reasonable and customary in light of the Adviser's obligations under this Agreement. The aforesaid includes coverage for larceny and embezzlement and shall be issued by a reputable bonding company. The Adviser agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Company in the event that such coverage no longer applies.

ARTICLE III. Prospectuses, Reports to Shareholders and Proxy Statements; Voting

3.1. The Fund or its designee shall provide the Company with as many printed copies of the Fund's current prospectus and statement of additional information (and all amendments or supplements to either document) as the Company may reasonably request. If requested by the Company, in lieu of providing printed copies the Fund shall provide camera-ready film or computer diskettes containing the Fund's prospectus and statement of additional information, and such other assistance as is reasonably necessary in order for the Company once each year (or more frequently if the prospectus and/or statement of additional information for the Fund is amended during the year) to have the prospectus or other disclosure document for the Contracts and the Fund's prospectus (and statement of additional information for the Fund and the statement of additional information for the Registered Contracts) printed together in one document. Alternatively, the Company may print the Fund's prospectus and/or its statement of additional information in combination with other fund companies' prospectuses and statements of additional information.

3.2. Except as provided in this Section 3.2, all expenses of preparing, setting in type, printing and distributing Fund prospectuses and statements of additional information shall be the expense of the Company. For prospectuses and statements of additional information (and all amendments or supplements to either document) provided by the Company to its Contract owners who currently own shares of one or more Portfolios ("Existing Contract Owners"), in order to update disclosure as required by the 1933 Act and/or the 1940 Act, the cost of printing shall be borne by the Fund. If the Company chooses to receive camera-ready film or computer diskettes in lieu of receiving printed copies of the Fund's prospectus, the Fund shall bear the cost of typesetting to provide the Fund's prospectus to the Company in the format in which the Fund is accustomed to formatting prospectuses, and the Company shall bear the expense of adjusting or changing the format to conform with any of its prospectuses or other disclosure documents. In such event, the Fund will reimburse the Company in an amount equal to the product of "x" and "y", where "x" is the number of such disclosure documents distributed to Existing Contract Owners and "y" is the Fund's per unit cost of printing the Fund's prospectus. The same procedures shall be followed with respect to the Fund's statement of additional information. The Company agrees to provide the Fund or its designee with such information as may be reasonably requested by the Fund to assure that the Fund's expenses do not include the costs of printing, typesetting or distributing any prospectuses or statements of additional information other than the costs of printing those prospectuses or statements of additional information actually distributed to Existing Contract Owners.

3.3. The statement of additional information of the Fund shall be obtainable from the Fund, the Underwriter, the Company or such other person as the Fund may designate.

3.4. The Fund, at its expense, shall provide the Company with copies of its proxy statements, reports to shareholders, and other communications (except for prospectuses and statements of additional information, which are covered in Section 3.1) to shareholders in such quantity as the Company shall reasonably require for distributing to Existing Contract Owners. The Fund shall not pay any costs of distributing such proxy materials, reports to shareholders and other communications to prospective Contract owners.

3.5. The Company shall not bear the cost of distributing proxy materials to the extent the content of a proxy solicitation is the result of actions taken by the Fund or the Adviser. The Company shall bear the cost of distributing proxy materials to the extent the content of a proxy solicitation is the result of actions taken by the Company. If and to the extent required by law, the Company shall distribute, at the Company, Fund or Adviser's expense, as applicable, all proxy materials furnished by the Fund to Contract owners to whom voting privileges are required to be extended and shall:

(i) solicit voting instructions from Contract owners;

(ii) vote the Portfolio shares in accordance with instructions received from Contract owners; and

(iii) vote Portfolio shares for which no instructions have been received in the same proportion as Portfolio shares for which instructions have been received;

so long as and to the extent that the SEC continues to interpret the 1940 Act to require pass-through voting privileges for variable contract owners. The Company reserves the right to vote Portfolio shares held in any segregated asset account in its own right, to the extent permitted by law. If the Company is required to solicit voting instructions, the Fund and the Company shall follow the procedures, and shall have the corresponding responsibilities, for the handling of proxies and voting instruction solicitations, as set forth in Schedule C attached hereto and incorporated herein by reference. Participating Insurance Companies shall be responsible for ensuring that each of their separate accounts participating in the Fund (and for which the soliciting of voting instructions is required) calculates voting privileges in a manner consistent with the standards set forth on Schedule C, which standards will also be provided to the other Participating Insurance Companies.

3.6. The Fund will comply with all provisions of the 1940 Act requiring voting by shareholders, and in particular the Fund will either provide for annual meetings (except insofar as the SEC may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act (although the Fund is not one of the trusts described in Section 16(c) of the 1940 Act) as well as with Section 16(a) of the 1940 Act and, if and when applicable, Section 16(b) of the 1940 Act. Further, the Fund will act in accordance with the SEC's interpretation of the requirements of Section 16(a) of the 1940 Act with respect to periodic elections of trustees and with whatever rules the SEC may promulgate with respect thereto.

ARTICLE IV. Sales Material and Information

4.1. The Company shall furnish, or shall cause to be furnished, to the Fund or its designee, each piece of sales literature or other promotional material in which the Fund, the Underwriter or the Adviser is named, at least ten (10) Business Days prior to its use. No such material shall be used without the prior approval of the Fund or its designee. The Fund shall use its reasonable best efforts to review any such material as soon as practicable after receipt and no later than ten (10) Business Days after receipt of such material.

4.2. The Company shall not give any information or make any representations or statements on behalf of the Fund or concerning the Fund in connection with the sale of the Contracts other than the information or representations contained in the registration statement or prospectus for the Fund shares, as such registration statement or prospectus

may be amended or supplemented from time to time, or in reports or proxy statements for the Fund which are in the public domain or approved by the Fund for distribution to Fund shareholders, or in sales literature or other promotional material approved by the Fund or its designee, except with the permission of the Fund.

4.3. The Fund or its designee shall furnish, or shall cause to be furnished, to the Company or its designee, each piece of sales literature or other promotional material in which the Company and/or its Account(s) or Contract(s) are named at least ten (10) Business Days prior to its use. No such material shall be used without the prior approval of the Company or its designee. The Company shall use its best efforts to review any such material as soon as practicable after receipt and no later than ten (10) Business Days after receipt of such material.

4.4. Neither the Fund, the Underwriter nor the Adviser shall give any information or make any representations on behalf of the Company or concerning the Company, each Account, or the Contracts, other than the information or representations contained in a registration statement, prospectus, offering memorandum or other disclosure document for the Contracts, as such documents may be amended or supplemented from time to time, or in reports or proxy statements for each Account which are in the public domain or approved by the Company for distribution to Contract owners, or in sales literature or other promotional material approved by the Company or its designee, except with the permission of the Company.

4.5. The Fund will promptly provide to the Company at least one complete copy of all registration statements, prospectuses, statements of additional information, reports, proxy statements, sales literature and other promotional materials, applications for exemptions, requests for no-action letters, and all amendments to any of the above, that relate to the Fund or its shares and are relevant to the Company or the Contracts. With respect to all the above documents that must be filed with the SEC, NASD or any other regulatory authority, the Fund will provide such documents to the Company promptly after filing.

4.6. The Company will promptly provide to the Fund, to the extent applicable, at least one complete copy of all registration statements, prospectuses, statements of additional information, offering memoranda or other disclosure documents, reports, solicitations for voting instructions, sales literature and other promotional materials, applications for exemptions, requests for no action letters, and all amendments to any of the above, that relate to investment in the Fund or the Portfolios under the Contracts. With respect to all the above documents that must be filed with the SEC, NASD or any other regulatory authority, the Company will provide such documents to the Fund promptly after filing.

4.7. For purposes of this Article IV, the phrase "sales literature or other promotional material" includes, but is not limited to, any of the following that refer to the Fund or any affiliate of the Fund: advertisements (such as material published, or designed for use in, a newspaper, magazine, or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, or other public media), sales literature (i.e., any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, and registration statements, offering memoranda, prospectuses, statements of additional information or other disclosure documents, shareholder reports, and proxy materials.

4.8. The Fund will provide the Company with as much notice as is reasonably practicable of any proxy solicitation for any Portfolio, and of any material change in the Fund's registration statement, particularly any change that may cause a change to the registration statement, prospectus, or other disclosure document for any Account or Contract. The Fund will work with the Company so as to enable the Company to solicit proxies from Contract owners, or to make changes to its registration statement, prospectus, or other disclosure document in an orderly manner. The Fund will make reasonable efforts to attempt to have changes affecting Contract prospectuses become effective simultaneously with the annual updates for such prospectuses.

ARTICLE V. Fees and Expenses

5.1. The Fund shall pay no fee or other compensation to the Company under this Agreement, except that if the Fund or any Portfolio adopts and implements a service plan and/or a plan pursuant to Rule 12b-1, then the Underwriter may make payments to the Company or to the underwriter for the Contracts pursuant to such plans if and in amounts agreed to by the Underwriter in writing.

5.2. All expenses incident to performance by the Fund under this Agreement shall be paid by the Fund. The Fund shall see to it that all its shares are registered and authorized for issuance in accordance with applicable federal law and, if and to the extent deemed advisable by the Fund, in accordance with applicable state laws prior to their sale. Except as otherwise set forth in Section 3.2 of this Agreement, the Fund shall bear the expenses for the cost of registration and qualification of the Fund's shares, preparation and filing of the Fund's prospectus and registration statement, proxy materials and reports, setting the prospectus in type, setting in type and printing the proxy materials and reports to shareholders, distributing proxy materials to Contract owners to the extent applicable (as set forth in Section 3.5 of this Agreement), the preparation of all statements and notices required by any federal or state law, and all taxes on the issuance or transfer of the Fund's shares.

5.3. The Company shall bear the expenses of distributing the Fund's prospectus, statement of additional information, proxy materials to the extent applicable (as set forth in Section 3.5 of this Agreement) and reports to owners of Contracts issued by the Company.

ARTICLE VI. Diversification

6.1. The Fund will use its best efforts to at all times comply with Section 817(h) of the Code and Treasury Regulation 1.817-5, relating to the diversification requirements for annuity, endowment, or life insurance contracts and any amendments or other modifications to such Section or Regulations. In the event the Fund ceases to so qualify, it will take reasonable steps to (a) immediately notify the Company of such event and (b) adequately diversify the Fund so as to achieve compliance within the time period afforded by Regulation 1.817-5.

ARTICLE VII. Potential Conflicts

7.1. The Board will monitor the Fund for the existence of any material irreconcilable conflict between the interests of the contract owners of all separate accounts investing in the Fund. An irreconcilable material conflict may arise for a variety of reasons, including: (a) an action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by insurance, tax, or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of any Portfolio are being managed; (e) a difference in voting instructions given by contract owners; or (f) a decision by a Participating Insurance Company to disregard the voting instructions of contract owners. The Fund shall promptly inform the Company if the Board determines that an irreconcilable material conflict exists and the implications thereof.

7.2. The Company will report any potential or existing conflicts of which it is aware to the Board. The Company will assist the Board in carrying out its responsibilities under the Shared Funding Exemptive Order by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This includes, but is not limited to, an obligation by the Company to inform the Board whenever Contract owner voting instructions are disregarded. The Company agrees that these responsibilities will be carried out with a view only to the interests of Contract owners.

7.3. If it is determined by a majority of the Board, or a majority of its disinterested members, that a material irreconcilable conflict exists, the Company and other Participating Insurance Companies shall, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested trustees), take whatever steps are necessary to remedy or eliminate the irreconcilable material conflict, up to and including: (1) withdrawing the assets allocable to some or all of the separate accounts from the Fund or any Portfolio and reinvesting such assets in a

different investment medium, including (but not limited to) another portfolio of the Fund, or submitting the question whether such segregation should be implemented to a vote of all affected contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., annuity contract owners, life insurance policy owners, or variable contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected contract owners the option of making such a change; and (2) establishing a new registered management investment company or managed separate account. No charge or penalty will be imposed as a result of such withdrawal. The Company agrees that it bears the responsibility to take remedial action in the event of a Board determination of an irreconcilable material conflict and the cost of such remedial action, and that these responsibilities will be carried out with a view only to the interests of Contract owners.

7.4. If a material irreconcilable conflict arises because of a decision by the Company to disregard contract owner voting instructions and that decision represents a minority position or would preclude a majority vote, the Company may be required, at the Fund's election, to withdraw the affected Account's investment in the Fund and terminate this Agreement with respect to such Account (at the Company's expense); provided, however that such withdrawal and termination shall be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested members of the Board. No charge or penalty will be imposed as a result of such withdrawal. The Company agrees that it bears the responsibility to take remedial action in the event of a Board determination of an irreconcilable material conflict and the cost of such remedial action, and that these responsibilities will be carried out with a view only to the interests of Contract owners.

7.5. For purposes of Sections 7.3 and 7.4 of this Agreement, a majority of the disinterested members of the Board shall determine whether any proposed action adequately remedies any irreconcilable material conflict, but in no event will the Fund be required to establish a new funding medium for the Contracts. The Company shall not be required by Section 7.3 or 7.4 to establish a new funding medium for the Contracts if an offer to do so has been declined by vote of a majority of Contract owners materially adversely affected by the irreconcilable material conflict.

7.6. If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provision of the 1940 Act or the rules promulgated thereunder with respect to mixed or shared funding (as defined in the Shared Funding Exemptive Order) on terms and conditions materially different from those contained in the Shared Funding Exemptive Order, then (a) the Fund and/or the Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such rules are applicable; and (b) Sections 3.4, 3.5, 7.1, 7.2, 7.3 and 7.4 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such Rule(s) as so amended or adopted.

7.7. Each of the Company and the Adviser shall at least annually submit to the Board such reports, materials or data as the Board may reasonably request so that the Board may fully carry out the obligations imposed upon it by the provisions hereof and in the Shared Funding Exemptive Order. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Board.

ARTICLE VIII. Indemnification

8.1. Indemnification by the Company

8.1(a). The Company agrees to indemnify and hold harmless the Fund, the Underwriter, the Adviser and each member of the Board and each officer and employee of the Fund, and each director, officer and employee of the Underwriter and the Adviser, and each person, if any, who controls the Fund, the Underwriter or the Adviser within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" and individually, an "Indemnified Party," for purposes of this Section 8.1) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Company) or litigation (including reasonable legal and other expenses), to which the Indemnified Parties may become subject under any statute or regulation, at common law or otherwise,

insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund's shares or the Contracts and:

- (i) arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the registration statement, prospectus, offering memorandum or other disclosure document for the Contracts or contained in the Contracts or sales or other promotional literature for the Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Fund for use in the registration statement, prospectus, offering memorandum or other disclosure document for the Contracts or in the Contracts or sales or other promotional literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Fund shares; or
- (ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales or other promotional literature of the Fund not supplied by the Company, or persons under its control and other than statements or representations authorized by the Fund, the Underwriter or the Adviser) or unlawful conduct of the Company or persons under its control, with respect to the sale or distribution of the Contracts or Fund shares; or
- (iii) arise out of or as a result of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature of the Fund or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such a statement or omission was made in reliance upon and in conformity with information furnished in writing to the Fund by or on behalf of the Company; or
- (iv) arise as a result of any failure by the Company to provide the services and furnish the materials under the terms of this Agreement; or
- (v) arise out of or result from any material breach of any representation and/or warranty made by the Company in this Agreement or arise out of or result from any other material breach of this Agreement by the Company.

Each of paragraphs (i) through (v) above is limited by and in accordance with the provisions of Sections 8.1(b) and 8.1(c) below.

8.1(b). The Company shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations or duties under this Agreement.

8.1(c). The Company shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Company in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Company of any such claim shall not relieve the Company from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Company shall be entitled to participate, at its own expense, in the defense of such action. The Company also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Company to such party of the Company's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Company will not be liable to such party under this

Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

8.1(d). The Fund, the Underwriter or the Adviser, as applicable, will promptly notify the Company of the commencement of any litigation or proceedings against an Indemnified Party in connection with this Agreement, the issuance or sale of the Fund shares or the Contracts, or the operation of the Fund.

8.2. Indemnification by the Underwriter

8.2(a). The Underwriter agrees to indemnify and hold harmless the Company and each of its directors, officers and employees, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" and individually, an "Indemnified Party," for purposes of this Section 8.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Underwriter) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of shares of a Portfolio and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales or other promotional literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished in writing to the Fund, the Underwriter or the Adviser by or on behalf of the Company for use in the registration statement or prospectus for the Fund or in sales or other promotional literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Portfolio shares; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus, offering memorandum, other disclosure document or sales or other promotional literature for the Contracts not supplied by the Fund or the Underwriter or persons under their respective control and other than statements or representations authorized by the Company) or unlawful conduct of the Fund or the Underwriter or persons under their respective control, with respect to the sale or distribution of the Contracts or Portfolio shares; or

(iii) arise out of or as a result of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, offering memorandum, other disclosure document or sales or other promotional literature for the Contracts, or any amendment thereof or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished to the Company by or on behalf of the Fund or the Underwriter; or

(iv) arise as a result of any failure by the Underwriter to provide the services and furnish the materials under the terms of this Agreement; or

(v) arise out of or result from any material breach of any representation and/or warranty made by the Underwriter in this Agreement or arise out of or result from any other material breach of this Agreement by the Underwriter.

Each of paragraphs (i) through (v) above is limited by and in accordance with the provisions of Sections 8.2(b) and 8.2(c) below.

8.2(b). The Underwriter shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement.

8.2(c). The Underwriter shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Underwriter in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Underwriter of any such claim shall not relieve the Underwriter from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Underwriter will be entitled to participate, at its own expense, in the defense thereof. The Underwriter also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Underwriter to such party of the Underwriter's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Underwriter will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

8.2(d). The Company will promptly notify the Underwriter of the commencement of any litigation or proceedings against an Indemnified Party in connection with this Agreement, the issuance or sale of the Contracts or the operation of the Account(s).

8.3. Indemnification by the Adviser

8.3(a). The Adviser agrees to indemnify and hold harmless the Company and each of its directors, officers and employees, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" and individually, an "Indemnified Party," for purposes of this Section 8.3) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Adviser) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of shares of a Portfolio and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales or other promotional literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished in writing to the Fund, the Underwriter or the Adviser by or on behalf of the Company for use in the registration statement or prospectus for the Fund or in sales or other promotional literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Portfolio shares; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus, offering memorandum, other disclosure document or sales or other promotional literature for the Contracts not supplied by the Fund or the Adviser or persons under their respective control and other than statements or representations authorized by the Company) or unlawful conduct of the Fund or the Adviser or persons under their respective control, with respect to the sale or distribution of the Contracts or Portfolio shares; or

(iii) arise out of or as a result of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, offering memorandum, other disclosure document or sales or other promotional literature for the Contracts, or any amendment thereof or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished in writing to the Company by or on behalf of the Fund or the Adviser; or

(iv) arise as a result of any failure by the Adviser to provide the services and furnish the materials under the terms of this Agreement; or

(v) arise out of or result from any material breach of any representation and/or warranty made by the Adviser in this Agreement or arise out of or result from any other material breach of this Agreement by the Adviser.

Each of paragraphs (i) through (v) above is limited by and in accordance with the provisions of Sections 8.3(b) and 8.3(c) below.

8.3(b). The Adviser shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement.

8.3(c). The Adviser shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Adviser in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Adviser of any such claim shall not relieve the Adviser from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Adviser will be entitled to participate, at its own expense, in the defense thereof. The Adviser also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Adviser to such party of the Adviser's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Adviser will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

8.3(d). The Company will promptly notify the Adviser of the commencement of any litigation or proceedings against an Indemnified Party in connection with this Agreement, the issuance or sale of the Contracts or the operation of the Account(s).

ARTICLE IX. Applicable Law

9.1. This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the State of Delaware.

9.2. This Agreement shall be subject to the provisions of the 1933, 1934 and 1940 Acts, and the rules and regulations and rulings thereunder, including such exemptions from those statutes, rules and regulations as the SEC may grant (including, but not limited to, the Shared Funding Exemptive Order) and the terms hereof shall be interpreted and construed in accordance therewith.

ARTICLE X. Termination

10.1. This Agreement shall continue in full force and effect until the first to occur of:

- (a) termination by any party for any reason by sixty (60) days advance written notice delivered to the other parties; or
- (b) termination by the Company by written notice to the Fund, the Underwriter and the Adviser with respect to any Portfolio based upon the Company's determination that shares of such Portfolio are not reasonably available to meet the requirements of the Contracts; provided, however, that said termination shall become effective ten (10) days after receipt of notice unless the Fund makes available a sufficient number of shares of the Portfolio to reasonably meet the requirements of the Contracts within said ten (10) day period; or
- (c) termination by the Company by written notice to the Fund, the Underwriter and the Adviser with respect to any Portfolio in the event that any of the Portfolio's shares are not registered, issued or sold in accordance with applicable state and/or federal law or such law precludes the use of such shares as the underlying investment media of the Contracts issued or to be issued by the Company; or
- (d) termination by the Company by written notice to the Fund, the Underwriter and the Adviser with respect to any Portfolio in the event that such Portfolio ceases to qualify as a Regulated Investment Company under Subchapter M of the Code or under any successor or similar provision; or
 - a. termination by the Company by written notice to the Fund, the Underwriter and the Adviser with respect to any Portfolio in the event that such Portfolio fails to meet the diversification requirements specified in Article VI hereof; or
- (f) termination by the Fund, the Underwriter or the Adviser by written notice to the Company if the Fund, the Underwriter or the Adviser, as applicable, shall determine, in its sole judgment exercised in good faith, that the Company and/or its affiliated companies has suffered a material adverse change in its business, operations, financial condition or prospects since the date of this Agreement or is the subject of material adverse publicity; or
- (g) termination by the Company by written notice to the Fund, the Underwriter and the Adviser, if the Company shall determine, in its sole judgment exercised in good faith, that the Fund, the Underwriter or the Adviser has suffered a material adverse change in its business, operations, financial condition or prospects since the date of this Agreement or is the subject of material adverse publicity; or
- (h) termination by any party to this Agreement upon another party's material breach of any provision of this Agreement.

10.2. Notwithstanding any termination of this Agreement with respect to a Portfolio, the Fund and the Underwriter shall at the option of the Company continue to make available additional shares of the Portfolio, pursuant to the terms and conditions of this Agreement, for all Contracts in effect on the effective date of termination of this Agreement (the "Existing Contracts"), unless such further sale of Portfolio shares is proscribed by law, regulation or applicable regulatory authority, or unless the Board determines that liquidation of the Portfolio following termination of this Agreement is in the best interests of the Portfolio. Specifically, subject to the foregoing, the owners of the Existing Contracts shall be permitted to direct reallocation of investments in the Portfolio, redemption of investments in the Portfolio and/or investment in the Portfolio upon the making of additional purchase payments under the Existing Contracts. The parties agree that this Section 10.2 shall not apply to any terminations under Article VII and the effect of such Article VII terminations shall be governed by Article VII of this Agreement.

ARTICLE XI. Notices

Any notice shall be sufficiently given when sent by registered or certified mail to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party.

If to the Fund:

Van Kampen Life Investment Trust

1 Parkview Plaza

Oakbrook Terrace, Illinois 60181

Attention: President

If to the Underwriter:

Van Kampen Funds Inc.

1 Parkview Plaza

Oakbrook Terrace, Illinois 60181

Attention: President

If to the Adviser:

Van Kampen Asset Management

1 Parkview Plaza

Oakbrook Terrace, Illinois 60181

Attention: President

If to the Company:

Sun Life Financial

1 Sun Life Executive Park

Sun Code 1335

Wellesley Hills, Massachusetts 02481

Attention: James Mason

ARTICLE XII. Miscellaneous

12.1. All persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund, as neither the Board, officers, agents or shareholders of the Fund assume any personal liability for obligations entered into on behalf of the Fund. Each of the Company, the Underwriter and the Adviser acknowledges and agrees that, as provided by the Fund's Agreement and Declaration of Trust, the shareholders, trustees, officers, employees and other agents of the Fund and the Portfolios shall not personally be bound by or be liable for matters set

forth hereunder, nor shall resort be had to their private property for the satisfaction of any obligation or claim hereunder. A Certificate of Trust referring to the Fund's Agreement and Declaration of Trust is on file with the Secretary of State of Delaware.

12.2. Subject to the requirements of legal process and regulatory authority, each party hereto shall treat as confidential any "non-public personal information" about any "consumer" of another party (as such terms are defined in SEC Regulation S-P) and any other information reasonably identified as confidential in writing by another party ("Confidential Information"). Each party agrees not to disclose, disseminate or utilize another party's Confidential Information except: (i) as permitted by this Agreement, (ii) upon the written consent of the other party, (iii) where the Confidential Information comes into the public domain through no fault of the party receiving the information, or (iv) as otherwise required or permitted under applicable law.

12.3. The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

12.4. This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

12.5. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

12.6. Each party hereto shall cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the National Association of Securities Dealers and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby. Notwithstanding the generality of the foregoing, each party hereto further agrees to furnish state insurance authorities with any information or reports in connection with services provided under this Agreement which such authorities may request in order to ascertain whether the insurance operations of the Company are being conducted in a manner consistent with applicable law and regulations.

12.7. The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations at law or in equity, which the parties hereto are entitled to under state and federal laws.

12.8. This Agreement or any of the rights and obligations hereunder may not be assigned by any party without the prior written consent of all parties hereto; provided, however, that the Adviser may assign this Agreement or any rights or obligations hereunder to any affiliate of or company under common control with the Adviser, if such assignee is duly licensed and registered to perform the obligations of the Adviser under this Agreement.

12.9. If requested by the Fund, the Underwriter or the Adviser, the Company shall furnish, or shall cause to be furnished, to the requesting party or its designee copies of the following documents:

(a) the Company's annual statement (prepared under statutory accounting principles) and annual report (prepared under generally accepted accounting principles ("GAAP"), if any), as soon as practical and in any event within ninety (90) days after the end of each fiscal year;

(b) the Company's quarterly statements (prepared under statutory accounting principles and GAAP, if any), as soon as practical and in any event within forty-five (45) days after the end of each quarterly period;

(c) any financial statement, proxy statement, notice or report of the Company sent to stockholders and/or policyholders, as soon as practical after the delivery thereof to stockholders;

(d) any registration statement (without exhibits) and financial reports of the Company filed with the SEC or any state insurance regulator, as soon as practical after the filing thereof; and

12.10. Unless otherwise specifically provided in this Agreement, no provision of this Agreement may be amended or modified in any manner except by a written agreement executed by all parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its duly authorized representative and its seal to be hereunder affixed hereto as of the date specified above.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By: _____

Name:

Title:

By: _____

Name:

Title:

VAN KAMPEN LIFE INVESTMENT TRUST

By: _____

Name:

Title:

VAN KAMPEN FUNDS INC.

By: _____

Name:

Title:

VAN KAMPEN ASSET MANAGEMENT

By: _____

Name:

Title:

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SEPARATE ACCOUNTS AND ASSOCIATED CONTRACTS

Name of Separate Account and

Form Number and Name of

Date Established by Board of Directors

Contract Funded by Separate Account

Registered Account(s): Registered Contract(s):

Sun Life of Canada (U.S.) Separate Account G Sun Life Large Case VUL

Unregistered Account(s): Unregistered Contract(s):

Sun Life of Canada (U.S.) Separate Account H Sun Life Large Case PPVUL

Keyport 401 Variable Account P Private Placement Variable Life and

(est. March 26, 2001) Annuity Contracts

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PORTFOLIOS OF THE VAN KAMPEN LIFE INVESTMENT TRUST
AVAILABLE UNDER THIS AGREEMENT

Emerging Growth Portfolio - Class I Shares

Comstock Portfolio - Class I Shares

Growth and Income Portfolio - Class I Shares

PROXY VOTING PROCEDURES

The following is a list of procedures and corresponding responsibilities for the handling of proxies and voting instructions relating to the Fund. The defined terms herein shall have the meanings assigned in the Participation Agreement except that the term "Company" shall also include the department or third party assigned by the Company to perform the steps delineated below. The parties shall allocate expenses discussed below as set forth in Section 3.5 of this Agreement.

- The proxy proposals are given to the Company by the Fund as early as possible before the date set by the Fund for the shareholder meeting to enable the Company to consider and prepare for the solicitation of voting instructions from Contract owners and to facilitate the establishment of tabulation procedures. At this time the Fund will inform the Company of the Record, Mailing and Meeting dates. This will be done verbally approximately two months before the shareholder meeting.
- Promptly after the Record Date, the Company will perform a "tape run", or other activity, which will generate the names, addresses and number of units which are attributed to each Contract owner/policyholder (the "Customer") as of the Record Date. Allowance should be made for account adjustments made after this date that could affect the status of the Customers' accounts as of the Record Date.

Note: The number of proxy statements is determined by the activities described in this Step #2. The Company will use its best efforts to call in the number of Customers to the Fund, as soon as possible, but no later than two weeks after the Record Date.

- The Fund's Annual Report must be sent to each Customer by the Company either before or together with the Customers' receipt of voting instruction solicitation material. The Fund will provide the last Annual Report to the Company pursuant to the terms of Section 3.4 of the Participation Agreement to which this Schedule relates.
- The text and format for the Voting Instruction Cards ("Cards" or "Card") is provided to the Company by the Fund. The Company shall produce and personalize the Voting Instruction Cards. The Fund or its affiliate must approve the Card before it is printed. Allow approximately 2-4 Business Days for printing information on the Cards. Information commonly found on the Cards includes:

- name (legal name as found on account registration)
- address

- fund or account number
- coding to state number of units
- individual Card number for use in tracking and verification of votes (already on Cards as printed by the Fund).

(This and related steps may occur later in the chronological process due to possible uncertainties relating to the proposals.)

- During this time, the Fund will develop, produce and pay for the Notice of Proxy and the Proxy Statement (one document). Printed and folded notices and statements will be sent to the Fund's tabulation agent for insertion into envelopes (envelopes and return envelopes are to be provided by the Fund's tabulation agent). Contents of envelope sent to Customers by the Fund's tabulation agent will include:

- Voting Instruction Card(s)
- One proxy notice and statement (one document)
- return envelope (postage pre-paid) addressed to the Fund's tabulation agent
- "urge bucksliip" - optional, but recommended (this is a small, single sheet of paper that requests Customers to vote as quickly as possible and that their vote is important; one copy will be supplied by the Fund.)
- cover letter - optional; supplied by Company and reviewed and approved in advance by the Fund

- The above contents should be received by the Company approximately 3-5 Business Days before mail date. Individual in charge at Company reviews and approves the contents of the mailing package to ensure correctness and completeness. Copy of this approval sent to the Fund.

- Package mailed by the Fund's tabulation agent.

* The Fund must allow at least a 15-day solicitation time to the Company as the shareowner. (A 5-week period is recommended.) Solicitation time is calculated as calendar days from (but not including,) the shareholder meeting, counting backwards.

- Collection and tabulation of Cards begins. Tabulation usually takes place in another department or another vendor depending on process used. An often used procedure is to sort Cards on arrival by proposal into vote categories of all yes, no, or mixed replies, and to begin data entry.

Note: Postmarks are not generally needed. A need for postmark information would be

due to an insurance company's internal procedure and has not been required by the Fund

in the past.

- Signatures on Card checked against legal name on account registration that was printed on the Card.

Note: For Example, if the account registration is under "John A. Smith, Trustee," then that is the exact legal name to be printed on the Card and is the signature needed on the Card.

- If Cards are mutilated, or for any reason are illegible or are not signed properly, they are sent back to Customer with an explanatory letter and a new Card and return envelope. The mutilated or illegible Card is disregarded and

considered to be not received for purposes of vote tabulation. Any Cards that have been "kicked out" (e.g. mutilated, illegible) of the procedure are "hand verified," i.e., examined as to why they did not complete the system. Any questions on those Cards are usually remedied individually.

- There are various control procedures used to ensure proper tabulation of votes and accuracy of that tabulation. The most prevalent is to sort the Cards as they first arrive into categories depending upon their vote; an estimate of how the vote is progressing may then be calculated. If the initial estimates and the actual vote do not coincide, then an internal audit of that vote should occur. This may entail a recount.
- The actual tabulation of votes is done in units which is then converted to shares. (It is very important that the Fund receives the tabulations stated in terms of a percentage and the number of shares.) The Fund must review and approve tabulation format.
- Final tabulation in shares is verbally given by the Company to the Fund on the morning of the shareholder meeting not later than 10:00 a.m. Eastern time. The Fund may request an earlier deadline if reasonable and if required to calculate the vote in time for the shareholder meeting.
- A Certification of Mailing and Authorization to Vote Shares will be required from the Company as well as an original copy of the final vote. The Fund will provide a standard form for each Certification.
- The Company will be required to box and archive the Cards received from the Customers for a period of 3 years after the shareholder meeting. In the event that any vote is challenged or if otherwise necessary for legal, regulatory, or accounting purposes, the Fund will be permitted reasonable access to such Cards.
- All approvals and "signing-off" may be done orally, but must always be followed up in writing.

PARTICIPATION AGREEMENT

Among

VAN KAMPEN LIFE INVESTMENTS TRUST,

VAN KAMPEN FUNDS INC.,

VAN KAMPEN ASSET MANAGEMENT

and

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

Dated as of

May 1, 2004

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PARTICIPATION AGREEMENT

Among

OPPENHEIMER VARIABLE ACCOUNT FUNDS,

OPPENHEIMERFUNDS, INC.

and

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

THIS AGREEMENT (the "Agreement"), made and entered into as of the 16th day of September 2002 by and among Sun Life Assurance Company of Canada (U.S.) (hereinafter the "Company"), on its own behalf and on behalf of each separate account of the Company named in Schedule 1 to this Agreement, as may be amended from time to time by mutual consent (hereinafter collectively the "Accounts"), Oppenheimer Variable Account Funds (hereinafter the "Fund") and OppenheimerFunds, Inc. (hereinafter the "Adviser").

WHEREAS, the Fund is an open-end management investment company and is available to act as the investment vehicle for separate accounts now in existence or to be established at any date hereafter for variable life insurance policies, variable annuity contracts and other tax-deferred products (collectively, the "Variable Insurance Products") offered by insurance companies (hereinafter "Participating Insurance Companies");

WHEREAS, the beneficial interest in the Fund is divided into several series of shares, each designated a "Portfolio", and each representing the interests in a particular managed pool of securities and other assets;

WHEREAS, the Fund has obtained an order from the Securities and Exchange Commission (the "SEC"), dated July 16, 1986 (File No. 812-6324) granting Participating Insurance Companies and variable annuity and variable life insurance separate accounts exemptions from the provisions of sections 9(a), 13(a), 15(a), and 15(b) of the Investment Company Act of 1940, as amended, (hereinafter the "1940 Act") and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Fund to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (hereinafter the "Mixed and Shared Funding Exemptive Order")

WHEREAS, the Fund is registered as an open-end management investment company under the 1940 Act and its shares are registered under the Securities Act of 1933, as amended (hereinafter the "1933 Act");

WHEREAS, the Adviser is duly registered as an investment adviser under the federal Investment Advisers Act of 1940;

WHEREAS, the Company has registered or will register certain variable annuity and/or life insurance contracts under the 1933 Act (hereinafter "Contracts") (unless an exemption from registration is available);

WHEREAS, the Accounts are or will be duly organized, validly existing segregated asset accounts, established by resolution of the Board of Directors of the Company, to set aside and invest assets attributable to the aforesaid variable contracts (the Separate Account(s) covered by the Agreement are specified in Schedule 1 attached hereto, as may be modified by mutual written consent from time to time);

WHEREAS, the Company has registered or will register the Accounts as unit investment trusts under the 1940 Act (unless an exemption from registration is available);

WHEREAS, to the extent permitted by applicable insurance laws and regulations, the Company intends to purchase shares in the Portfolios (the Portfolios covered by this Agreement are specified in Schedule 2 attached hereto as may be modified by mutual written consent from time to time), on behalf of the Accounts to fund the Contracts, and the Fund is authorized to sell such shares to unit investment trusts such as the Accounts at net asset value; and

NOW, THEREFORE, in consideration of their mutual promises, the Fund, the Adviser and the Company agree as follows:

ARTICLE I. Purchase and Redemption of Fund Shares

1.1. The Fund agrees to sell to the Company those shares of the Fund which the Company orders on behalf of the Accounts, executing such orders on a daily basis at the net asset value next computed after receipt by the Fund or its designee of the order for the shares of the Fund. For purposes of this Section 1.1, the Company shall be the designee of the Fund for receipt of such orders from each Account and receipt by such designee shall constitute receipt by the Fund; provided that the Fund receives written (or facsimile) notice of such order by 9:30 a.m. New York time on the next following Business Day. "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Fund calculates its net asset value pursuant to the rules of the SEC.

1.2. The Company shall pay for Fund shares by 2:00 P.M. New York time on the next Business Day after it places an order to purchase Fund shares in accordance with Section 1.1 hereof. Payment shall be in federal funds transmitted by wire or by a credit for any shares redeemed.

1.3. The Fund agrees to make Fund shares available for purchase by the Company for their separate Accounts listed in Schedule 1 on those days on which the Fund calculates its net asset value pursuant to rules of the SEC; provided, however, that the Board of Trustees of the Fund (hereinafter the "Trustees") may refuse to sell shares of any Portfolio to any person, or suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Trustees, acting in good faith and in light of their fiduciary duties under federal and any applicable state laws, in the best interests of the shareholders of any Portfolio (including without limitation purchase orders that individually or together with other contemporaneous orders represent large transactions in shares of any Portfolio held for a relatively brief period of time). Such shares shall be purchased at the applicable net asset value per share, increased by any initial sales charge, if the Fund's prospectus then in effect imposes such a charge on such purchases. .

1.4. The Fund agrees to redeem, upon the Company's request, any full or fractional shares of the Fund held by the Company, executing such requests on a daily basis at the net asset value next computed after receipt by the Fund or its designee of the request for redemption, reduced by any redemption fee (which fee shall not be imposed without 90 days' advance written notice to the Company) or deferred sales charge, if the Fund's prospectus in effect as of the date of such redemption imposes such a fee or charge on such redemptions. For purposes of this Section 1.4, the Company shall be the designee of the Fund for receipt of requests for redemption and receipt by such designee shall constitute receipt by the Fund; provided that the Fund receives written (or facsimile) notice of such request for redemption by 9:30 a.m. New York time on the next following Business Day; however the Company undertakes to use its best efforts to provide such notice to the Fund by no later than 9:00 A.M. New York time on the next following Business Day. Payment shall be made within the time period specified in the Fund's prospectus or statement of additional information, provided, however, that if the Fund does not pay for the Fund shares that are redeemed on the next Business Day after a request to redeem shares is made, then the Fund shall apply any such delay in redemptions uniformly to all holders of shares of that Portfolio. Payment shall be in federal funds transmitted by wire to the Company's bank accounts as designated by the Company in writing from time to time.

1.5. The Company agrees to purchase and redeem the shares of the Portfolios named in Schedule 2 offered by the then current prospectus and statement of additional information of the Fund in accordance with the provisions of such prospectus and statement of additional information. The Company shall not permit any person other than a Contract

owner or his or her duly authorized representative to give instructions to the Company which would require the Company to redeem or exchange shares of the Fund. [-

1.6. The Fund shall furnish notice (by wire or telephone, followed by written confirmation on or prior to the payment date) to the Company of any income dividends or capital gains distributions payable on the Fund's shares. The company hereby elects to receive all such income dividends and capital gain distributions as are payable on the Portfolio shares in additional shares of that Portfolio. The Company reserves the right to revoke this election and to receive all such income dividends and capital gain distributions in cash. The Fund shall notify the Company of the number of shares so issued as payment of such dividends and distributions.

1.7. The Fund shall make the net asset value per share for each Portfolio available to the Company on a daily basis as soon as reasonably practicable after the net asset value per share is calculated (normally 6:30 p.m. Eastern time) and shall use its best efforts to make such net asset value per share available by 7:00 p.m. Eastern time.

ARTICLE II. Representations and Warranties

2.1. The Company represents and warrants that the securities issued by the Accounts under the Contracts are or will be registered under the 1933 Act (unless an exemption from registration is available) and, that the Contracts will be issued, offered and sold in compliance in all material respects with all applicable federal and state laws and regulations, including without limitation state insurance suitability requirements and National Association of Securities Dealers, Inc. ("NASD") conduct rules as applicable. . The Company further represents and warrants that it is an insurance company duly organized and in good standing under applicable state law and that it has legally and validly established the Accounts prior to the issuance or sale of units thereof as a segregated asset account and has registered the Accounts as unit investment trusts in accordance with the provisions of the 1940 Act (unless an exemption from registration is available) to serve as segregated investment accounts for the Contracts, and that it will maintain such registration for so long as any Contracts are outstanding or until registration is no longer required under federal and state securities laws. The Company shall amend the registration statement under the 1933 Act for the Contracts and the registration statement under the 1940 Act for the Accounts from time to time as required in order to effect the continuous offering of the Contracts or as may otherwise be required by applicable law. The Company shall register and qualify the Contracts for sale in accordance with the securities laws of the various states only if and to the extent deemed necessary by the Company.

2.2. The Company represents and warrants, for purposes other than diversification under Section 817 of the Internal Revenue Code of 1986 as amended (the "Code"), that the Contracts are currently and at the time of issuance will be treated as life insurance or annuity contracts under applicable provisions of the Code and the regulations issued thereunder, and that it will make every effort to maintain such treatment and that it will notify the Fund and the Adviser immediately upon having a reasonable basis for believing that the Contracts have ceased to be so treated or that they might not be so treated in the future. In addition, the Company represents and warrants that the Accounts are "segregated asset accounts" and that interests in the Accounts are offered exclusively through the purchase of or transfer into a "variable contract" within the meaning of such terms under Section 817 of the Code and the regulations issued thereunder (and any amendments or other modifications to such section or such regulations (and any revenue rulings, revenue procedures, notices and other published announcements of the Internal Revenue Service interpreting these provisions). The Company shall continue to meet such definitional requirements, and it will notify the Fund and the Adviser immediately upon having a reasonable basis for believing that such requirements have ceased to be met or that they might not be met in the future. The Company represents and warrants that it will not purchase Fund shares with assets derived from tax-qualified retirement plans except indirectly, through Contracts purchased in connection with such plans.

2.34. The Fund represents and warrants that Fund shares sold pursuant to this Agreement shall be registered under the 1933 Act and duly authorized for issuance and sold in accordance with applicable state and federal law and that the Fund is and shall remain registered under the 1940 Act for as long as the Fund shares are sold. The Fund shall amend

the registration statement for its shares under the 1933 Act and the 1940 Act from time to time as required in order to effect the continuous offering of its shares. The Fund shall register and qualify the shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by the Fund.

2.45. The Fund will at all times invest money from the Contracts in such a manner as to ensure that the Contracts will be treated as variable contracts under the Code and the regulations issued thereunder. Without limiting the scope of the foregoing, the Fund represents and warrants that each Portfolio of the Fund will comply with Section 817(h) of the Code and Treasury Regulation 1.817-5, relating to the diversification requirements for variable annuity, endowment, or life insurance contracts and any amendments or other modifications to such Section or Regulations (and any revenue rulings, revenue procedures, notices, and other published announcements of the Internal Revenue Service interpreting these provisions). In the event the Fund should fail to so qualify, it will take all reasonable steps (a) to notify immediately the Company of such breach and (b) to resume compliance with such diversification requirement within the grace period afforded by Treasury Regulation 1.817.5. The Fund and Adviser represent that each Portfolio is qualified as a Regulated Investment Company under Subchapter M of the Code and that it will maintain such qualification (under Subchapter M or any successor provision), and that it will notify the Company immediately upon having a reasonable basis for believing that it has ceased to so qualify or that it might not so qualify in the future.

2.56. If the Contracts purchase shares of a series and class of the Fund that have adopted a plan under Rule 12b-1 under the 1940 Act to finance distribution expenses (a "12b-1 Plan"), the Company agrees to provide the Trustees any information as may be reasonably necessary for the Trustees to review the Fund's 12b-1 Plan or Plans.

2.67. The Fund represents that it is lawfully organized and validly existing under the laws of the Commonwealth of Massachusetts and that it does and will comply with applicable provisions of the 1940 Act.

2.78. The Adviser represents and warrants that it is and will remain duly registered under all applicable federal and state securities laws and that it shall perform its obligations for the Fund in compliance with any applicable state and federal securities laws.

2.89. The Fund and Adviser each represent and warrant that all of its respective directors, trustees, officers, employees, investment advisers, and transfer agent of the Fund are and shall continue to be at all times covered by a blanket fidelity bond (which may, at the Fund's election, be in the form of a joint insured bond) or similar coverage for the benefit of the Fund in an amount not less than the minimal coverage as required currently by Section 17(g) and Rule 17g-1 of the 1940 Act or related provisions as may be promulgated from time to time. The aforesaid Bond shall include coverage for larceny and embezzlement and shall be issued by a reputable insurance company. The Adviser agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Company in the event that such coverage no longer applies.

2.910. The Company represents and warrants that all of its directors, officers, employees, agents, investment advisers, and other individuals and entities dealing with the money and/or securities of the Fund are covered by a blanket fidelity bond or similar coverage in an amount not less than the equivalent of U.S. \$10 million. The aforesaid bond shall include coverage for larceny and embezzlement and shall be issued by a reputable insurance company. The Company agrees that any amount received under such bond in connection with claims that derive from arrangements described in this Agreement will be paid by the Company for the benefit of the Fund. The Company agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Fund and/or the Adviser in the event that such coverage no longer applies.

2.101. The Fund and the Adviser represent that they will make a good faith effort to (a) materially comply with any applicable state insurance law restrictions with which the Fund must comply to perform its obligations under this Agreement, provided, however, that the Company provide specific notification of such restrictions to the Fund and the Adviser in advance and in writing; and (b) furnish information to the Company about the Fund not otherwise available

to the Company which is required by state insurance law to enable the Company to obtain the authority needed to issue the Contracts in any applicable state.

ARTICLE III. Sales Material, Prospectuses and Other Reports

3.1. The Company shall furnish, or shall cause to be furnished, to the Fund or its designee, each piece of sales literature or other promotional material in which the Fund or the Adviser is named, at least ten (10) Business Days prior to its use. No such material shall be used if the Fund or its designee reasonably object to such use within ten (10) Business Days after receipt of such material. "Business Day" shall mean any day in which the New York Stock Exchange is open for trading and in which the Fund calculates its net asset value pursuant to the rules of the Securities and Exchange Commission.

3.2. The Company shall not give any information or make any representations or statements on behalf of the Fund or concerning the Fund in connection with the sale of the Contracts other than the information or representations contained in the registration statement or prospectus for the Fund shares, as such registration statement and prospectus may be amended or supplemented from time to time, or in reports or proxy statements for the Fund, or in sale literature or other promotional material approved by the Fund or its designee, except with the permission of the Fund or its designee.

3.3. For purposes of this Article III, the phrase "sales literature or other promotional material" means advertisements (such as material published, or designed for use in, a newspaper, magazine, or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboard or electronic media), and sales literature (such as brochures, circulars, market letters and form letters), distributed or made generally available to customers or the public.

3.4. 3.4. The Fund shall provide the Company, free of charge, promptly after filing date, with as many copies of its current prospectus (or prospectuses), statements of additional information, annual and semi-annual reports and all amendments or supplements to any of the above for the shares of the Portfolios, as the Company may reasonably request for distribution to the existing contract owners. The Fund will provide the Company, at Company's expense, with as many copies of the current prospectus (or prospectuses) for the shares as the Company may reasonably request for distribution to prospective purchasers of the Variable Contracts. If requested by the Company, the Fund shall provide other assistance as is reasonably necessary in order for the Company once each year (or more frequently if the prospectus for the Fund is supplemented or amended) to have the prospectus for the Contracts and the Fund's prospectus printed together in one document (expenses for such printing shall at the expense of the Company. The Adviser shall be permitted to review and approve the typeset form of the Fund's Prospectus prior to such printing. together in one document. Expenses for such printing shall be apportioned between the Company and the Fund in proportion to the number of pages of the Variable Contract and Fund prospectus, taking account of other relevant factors affecting the expense of printing, such as covers, columns, graphs and charts, provided, however, that the Company shall bear the expenses of printing Fund prospectuses that are distributed to

prospective purchasers of Variable Contracts. The Adviser shall be permitted to review and approve the typeset form of the Fund's Prospectus prior to such printing.

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3.5. The Fund or the Adviser shall provide the Company, at the Fund's expense, with either: (i) copies of the Fund's proxy material, reports to shareholders, other information relating to the Fund necessary to prepare financial reports, and other communications to shareholders in such quantity as the Company shall reasonably require for distribution to Contract owners, or (ii) camera ready copies, at the Fund's expense, of such material for distribution to Contract owners, within a reasonable period of the filing date for definitive copies of such material. The Adviser shall be permitted to review and approve the typeset form of such proxy material, shareholder reports and communications prior to such printing.

3.6. In the event a meeting of shareholders of the Fund (or any Portfolio) is called by the Trustees, the Company shall:

- i. solicit voting instructions from Contract owners;
- ii. vote the Portfolio(s) shares held in the Account in accordance with instructions received from Contract owners;
- iii. vote Portfolio shares held in the Account for which no instructions have been received, as well as Portfolio shares held by the Company, in the same proportion as Portfolio(s) shares for which instructions have been received from Contract owners, so long as and to the extent that the SEC continues to interpret the 1940 Act to require pass-through voting privileges for variable contract owners; and
- iv. take responsibility for assuring that the Accounts calculate voting privileges in a manner consistent with other Participating Insurance Companies. The Fund and Adviser agree to assist the Company and the other Participating Insurance Companies in carrying out this responsibility.

ARTICLE IV. Fees and Expenses

4.1. The Fund and Adviser shall pay no fee or other compensation to the Company under this agreement, and the Company shall pay no fee or other compensation to the Fund or Adviser, except as provided herein.

4.2. All expenses incident to performance by each party of its respective duties under this Agreement shall be paid by that party. The Fund shall see to it that all its shares are registered and authorized for issuance in accordance with applicable federal law and, if and to the extent advisable by the Fund, in accordance with applicable state laws prior to their sale. The Fund shall bear the expenses for the cost of registration and qualification of the Fund's shares, preparation and filing of the Fund's prospectus and registration statement, proxy materials and reports, and the preparation of all statements and notices required by any federal or state law. The Fund shall bear the expenses of typesetting and printing the Fund's prospectus and reports for distribution to existing contract owners. The Fund shall also bear the expenses of typesetting, printing and distribution of proxy materials.

4.3. The Company shall bear the expenses of printing prospectuses and reports distributed to prospective purchasers of the Variable Contracts. The Company shall also bear the expense of distributing the Fund's prospectus and reports to owners of Contracts issued by the Company.

4.4. In the event the Fund adds one or more additional Portfolios and the parties desire to make such Portfolios available to the respective Contract owners as an underlying investment medium, a new Schedule 2 or an amendment to this Agreement shall be executed by the parties authorizing the issuance of shares of the new Portfolios to the particular Accounts. The amendment may also provide for the sharing of expenses for the establishment of new Portfolios among Participating Insurance Companies desiring to invest in such Portfolios and the provision of funds as the initial investment in the new Portfolios.

ARTICLE V. Potential Conflicts

5.1. The Board of Trustees of the Fund (the "Board") will monitor the Fund for the existence of any material irreconcilable conflict between the interests of the Contract owners of all separate accounts investing in the Fund. An irreconcilable material conflict may arise for a variety of reasons, including: (a) an action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by insurance, tax, or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of any Portfolio are being managed; (e) a difference in voting instructions given by participating insurance companies or by variable annuity contract and variable life insurance contract owners; or (f) a decision by an insurer to disregard the voting instructions of Contract owners. The Board shall promptly inform the Company if it determines that an irreconcilable material conflict exists and the implications thereof.

5.2. [The Company has reviewed a copy of the Mixed and Shared Funding Exemptive Order (attached as Schedule 3 hereto), and in particular, has reviewed the conditions to the requested relief set forth therein. The Company agrees to be bound by the responsibilities of a participating insurance company as set forth in the Mixed and Shared Funding Exemptive Order, including without limitation the requirement that the Company report any potential or existing conflicts of which it is aware to the Board. The Company will assist the Board in carrying out its responsibilities in monitoring such conflicts under the Mixed and Shared Funding Exemptive Order, by providing the Board in a timely manner with all information reasonably necessary for the Board to consider any issues raised. This includes, but is not limited to, an obligation by the Company to inform the Board whenever Contract owner voting instructions are disregarded and by confirming in writing, at the Fund's request, that the Company are unaware of any such potential or existing material irreconcilable conflicts.

5.3. If it is determined by a majority of the Board, or a majority of its disinterested Trustees, that a material irreconcilable conflict exists, the Company shall, at its expense and to the extent reasonably practicable (as determined by a majority of the disinterested Trustees), take whatever steps are necessary to remedy or eliminate the irreconcilable material conflict, up to and including: (1) withdrawing the assets allocable to some or all of the separate accounts from the Fund or any Portfolio and reinvesting such assets in a different investment medium, including (but not limited to) another Portfolio of the Fund, or submitting the question whether such segregation should be implemented to a vote of all affected Contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., annuity contract owners, life insurance contract owners, or variable contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected Contract owners the option of making such a change; and (2) establishing a new registered management investment company or managed separate accounts. The Company's obligations under this Section 5.3 shall not depend on whether other affected participating insurance companies fulfill a similar obligation.

5.4. If a material irreconcilable conflict arises because of a decision by the Company to disregard Contract owner voting instructions and that decision could conflict with the majority of Contract owner instructions, the Company may be required, at the Fund's election, to withdraw the Accounts' investment in the Fund and terminate this Agreement; provided, however, that such withdrawal and termination shall be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested members of the Board. No charge or penalty will be imposed as a result of the withdrawal. Any such withdrawal and termination must take place within six (6) months after the Fund gives written notice that this provision is being implemented, and until the end of the six (6) month period the Fund shall continue to accept and implement orders by the Company for the purchase and redemption of shares of the Fund.

5.5. If a material irreconcilable conflict arises because a particular state insurance regulator's decision applicable to the Company conflicts with the majority of other state regulators, then the Company will withdraw the Accounts' investment in the Fund and terminate this Agreement within six months after the Board informs the Company in writing that it has determined that such decision has created an irreconcilable material conflict; provided, however, that such withdrawal and termination shall be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested members of the Board. Until the end of the foregoing six month period, the Fund shall continue to accept and implement orders by the Company for the purchase and redemption of shares of the Fund, subject to applicable regulatory limitation.

5.6. For purposes of Sections 5.3 through 5.6 of this Agreement, a majority of the disinterested members of the Board shall determine whether any proposed action adequately remedies any irreconcilable material conflict, but in no event will the Fund be required to establish a new funding medium for the Contracts. The Company shall not be required by Section 5.3 to establish a new funding medium for Contracts if an offer to do so has been declined by vote of a majority of Contract owners materially adversely affected by the irreconcilable material conflict. In the event that the Board determines that any proposed action does not adequately remedy any irreconcilable material conflict, then the Company will withdraw the particular Accounts' investment in the Fund and terminate this Agreement within six (6) months after the Board informs the Company in writing of the foregoing determination, provided, however, that such withdrawal

and termination shall be limited to the extent required by any such material irreconcilable conflict as determined by a majority of the disinterested members of the Board.

ARTICLE VI. Applicable Law

6.1 This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the State of New York.

6.2. This Agreement shall be subject to the provisions of the 1933 Act, the Securities Exchange Act of 1934 and the 1940 Act, and the rules and regulations and rulings thereunder, including such exemption from those statutes, rules and regulations as the Securities and Exchange Commission may grant (including, but not limited to, the Mixed and Shared Funding Exemptive Order) and the terms hereof shall be interpreted and construed in accordance therewith[provided however that the term "Registration Statement or Prospectus for the Variable Contracts" and terms of similar import shall include (i) any offering circular or similar document and sales literature or other promotional materials used to offer and/or sell the variable Contracts in compliance with the private offering exemption in the 1933 Act and applicable federal and state laws and regulations, and (ii) the term "Registration Statement" and "Prospectus" as defined in the 1933 Act.

ARTICLE VII. Termination

7.1 This Agreement shall terminate:

(a) at the option of any party upon 90 days'six month's advance written notice to the other parties;

(b) at the option of the Company to the extent that shares of Portfolios are not reasonably available to meet the requirements of its Contracts or are not appropriate funding vehicles for the Contracts, as determined by the Company reasonably and in good faith. Prompt notice of the election to terminate for such cause and an explanation of such cause shall be furnished by the Company;

a. as provided in Article V;

(d) at the option of the Fund or the Adviser upon institution of formal proceedings against the Company (or its parent) by the NASD, the SEC, the insurance commission of any state or any other regulatory body having jurisdiction over that party, which would have a material adverse effect on the Company's ability to perform its obligations under this Agreement;

(e) at the option of the Company upon institution of formal proceedings against the Fund or the Adviser (or its parent) by the NASD, the SEC, or any state securities or insurance department or any other regulatory body having jurisdiction over that party, which would have a material adverse effect on the Adviser's or the Fund's ability to perform its obligations under this Agreement;

(f) at the option of the Company or the Fund upon receipt of any necessary regulatory approvals or the vote of the Contract owners having an interest in the Account (or any subaccount) to substitute the shares of another investment company for the corresponding Portfolio shares of the Fund in accordance with the terms of the Contracts for which those Portfolio shares have been selected to serve as the underlying investment media. The Company will give thirty (30) days prior written notice to the Fund of the date of any proposed vote or other action taken to replace the Fund's shares;

(g) at the option of the Company or the Fund upon a determination by a majority of the Board, or a majority of the disinterested Board members, that an irreconcilable material conflict exists among the interests of (i) Contract owners of variable insurance products of different separate accounts or (ii) the interests of the Participating Insurance Companies investing in the Fund as delineated in Article VII of this Agreement;

(h) at the option of the Company if any Portfolio of the Fund ceases to qualify as a Regulated Investment Company under Subchapter M of the Code, or under any successor or similar provision, or if the Company reasonably believes that the Fund may fail to so qualify;

(i) at the option of the Company if any Portfolio of the Fund fails to meet the diversification requirements specified in section 2.5 hereof or if the Company reasonably believes that the Fund will fail to meet such requirements;

(j) at the option of any party to this Agreement, upon another party's material breach of any provision of this Agreement within thirty days after written notice thereof;

(k) at the option of the Company, if the Company determines in its sole judgment exercised in good faith, that either the Fund or the Adviser has suffered a material adverse change in its business, operations or financial condition since the date of this Agreement or is the subject of material adverse publicity which is likely to have a material adverse impact upon the business and operations of the Company;

(l) at the option of the Fund or the Adviser, if the Fund or Adviser respectively, shall determine in its sole judgment exercised in good faith, that the Company has suffered a material adverse change in its business, operations or financial condition since the date of this Agreement or is the subject of material adverse publicity which is likely to have a material adverse impact upon the business and operations of the Fund or the Adviser; or

(m) subject to the Fund's compliance with Section 2.5 hereof, at the option of the Fund in the event any of the Contracts are not issued or sold in accordance with applicable requirements of federal and/or state law.

7.2. It is understood and agreed that the right of any party hereto to terminate this Agreement pursuant to Section 7.1(a) may be exercised for cause or for no cause.

(ii)

(iv)

(i)

(ii) arise out of or as a result of statements or representations (other

ARTICLE VIII. Indemnification

8.1. Indemnification By The Company

(a). The Company agrees to indemnify and hold harmless the Fund and the Adviser, each member of their Board of Trustees or Board of Directors, each of their officers and each person, if any, who controls the Fund within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 8.1) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Company) or litigation (including reasonable legal and other expenses), to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund's shares or the Contracts and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement, prospectus or statement of additional information for the Contracts or contained in sales literature

or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances which they were made; provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to the Company by or on behalf of the Fund or the Adviser for use in the registration statement, prospectus or statement of additional information for the Contracts or sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Fund shares; or

(ii) arise out of or as a result of statements or representations by or on behalf of the Company (other than statements or representations contained in the Fund registration statement, Fund prospectus or sales literature or other promotional material of the Fund not supplied by the Company or persons under its control) or wrongful conduct of the Company or persons under its control, with respect to the sale or distribution of the Contracts or Fund shares, provided any such statement or representation or such wrongful conduct was not made in reliance upon and in conformity with information furnished in writing, via fax or via electronic means, to the Company by or on behalf of the Advisor or the Fund; or

(iii) arise out of any untrue statement or alleged untrue statement of a material fact contained in the Fund registration statement, Fund prospectus, statement of additional information or sales literature or other promotional material of the Fund or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing, via fax or via electronic means, to the Fund or the Adviser by or on behalf of the Company or persons under its control; or

(iv) arise out of or result from any material breach of this Agreement by the Company.

except to the extent provided in Sections 8.1(b) and 8.3 hereof. This indemnification shall be in addition to any liability which the Company may otherwise have.

(b). The Company shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement.

8.2. Indemnification by Adviser and Fund

8.2(a)(1). The Adviser agrees to indemnify and hold harmless the Company and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 8.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Adviser) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund's shares or the Contracts and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement, prospectus, statement of additional information or sales literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished in writing, via fax or via electronic means, to the Adviser or the Fund by or

on behalf of the Company for use in the Fund registration statement, prospectus or statement of additional information, or sales literature or other promotional material for the Contracts or of the Fund; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the Contracts or in the Contract registration statement, the Contract prospectus, statement of additional information, or sales literature or other promotional material for the Contracts not supplied by the Adviser or the Fund or persons under the control of the Adviser or the Fund respectively) or wrongful conduct of the Adviser or persons under its control, with respect to the sale or distribution of the Contracts, provided any such statement or representation or such wrongful conduct was not made in reliance upon and in conformity with information furnished in writing, via fax or via electronic means, to the Adviser or the Fund by or on behalf of the Company; or

(iii) arise out of any untrue statement or allegedly untrue statement of a material fact contained in a registration statement, prospectus, statement of additional information or sales literature covering the Contracts (or any amendment thereof or supplement thereto), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing, via fax or via electronic means, to the Company by or on behalf of the Fund or persons under the control of the Adviser; or

(iv) arise out of or result from any material breach of this Agreement by the Adviser or any failure by the Fund to comply with the diversification requirements specified in Section 2.4 of this Agreement;

except to the extent provided in Sections 8.2(b) and 8.3 hereof. This indemnification shall be in addition to any liability which the Adviser may otherwise have.

8.2(a)(2) The Fund agrees to indemnify and hold harmless the Indemnified Parties [as defined in Section 8.2(a)(1)] against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Fund) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the operations of the Fund or the sale or acquisition of the Fund's shares and:

(i) arise out of or are based upon (a) any untrue statement or alleged untrue statement of any material fact or (b) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, if such fact, statement or omission is contained in the registration statement for the Fund or the Contracts, or in the prospectus or statement of additional information for the Contracts or the Fund, or in any amendment to any of the foregoing, or in sales literature or other promotional material for the Contracts or of the Fund, provided, however, that this agreement to indemnify shall not apply as to any Indemnified Party if such statement, fact or omission or such alleged statement, fact or omission was made in reliance upon and in conformity with information furnished in writing, via fax or via electronic means, to the Adviser or the Fund by or on behalf of the Indemnified Party; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the Contracts or in the Contract registration statement, the Contract prospectus, statement of additional information, or sales literature or other promotional material for the Contracts not supplied by the Adviser or the Fund or persons under the control of the Adviser or the Fund respectively) or wrongful conduct of the Fund or persons under its control with respect to the sale or distribution of Contracts, provided any such statement or representation or such wrongful conduct was not made in reliance upon and in conformity with information furnished in writing, via fax or via electronic means, to the Adviser or the Fund by or on behalf of the Company; or

(iii) arise out of or result from any material breach of this Agreement by the Fund (including a failure to comply with the diversification requirements specified in Section 2.5 of this Agreement);

except to the extent provided in Section 8.2(b) and 8.3 hereof. This indemnification shall be in addition to any liability which the Fund may otherwise have.

(b). The Fund and Adviser shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement.

8.3 Indemnification Procedure

Any person obligated to provide indemnification under this Article VIII ("indemnifying party" for the purpose of this Section 8.3) shall not be liable under the indemnification provisions of this Article VIII with respect to any claim made against a party entitled to indemnification under this Article VIII ("indemnified party" for the purpose of this Section 8.3) unless such indemnified party shall have notified the indemnifying party in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such indemnified party (or after such party shall have received notice of such service on any designated agent), but failure to notify the indemnifying party of any such claim shall not relieve the indemnifying party from any liability which it may have to the indemnified party against whom such action is brought under the indemnification provisions of this Article VIII, except to the extent that the failure to notify results in the failure of actual notice to the indemnifying party and such indemnifying party is damaged solely as a result of failure to give such notice. In case any such action is brought against the indemnified party, the indemnifying party will be entitled to participate, at its own expense, in the defense thereof. The indemnifying party also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the indemnifying party to the indemnified party of the indemnifying party's election to assume the defense thereof, the indemnified party shall bear the fees and expenses of any additional counsel retained by it, and the indemnifying party will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation, unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

A successor by law of the parties to this Agreement shall be entitled to the benefits of the indemnification contained in this Article VIII. The indemnification provisions contained in this Article VIII shall survive any termination of this Agreement.

ARTICLE IX. Notices

Any notice shall be sufficiently given when sent by registered or certified mail to the other party at the address of such party set forth below or at such other address as such party may from time to time specify to the other party.

If to the Fund:

Oppenheimer Variable Account Funds

498 Seventh Avenue, 14th Floor

New York, NY 10018

Attn: General Counsel

If to the Adviser:

OppenheimerFunds, Inc.

498 Seventh Avenue, 14th Floor

New York, NY 10018

Attn: General Counsel

If to the Company:

Sun Life Assurance Company of Canada (U.S.)

One Sun Life Executive Park

Wellesley Hills, Massachusetts 02481

Attn: Maura A. Murphy, Esq.

ARTICLE X. Miscellaneous

10.1. The Company represents and warrants that any Contracts eligible to purchase shares of the Fund and offered and/or sold in private placements will comply in all material respects

with the exemptions from the registration requirements of the 1933 Act and applicable federal and state laws and regulations.

10.2 10.1. Subject to the requirements of legal process and regulatory authority, each party hereto shall treat as confidential the names and addresses of the owners of the Contracts and all information reasonably identified as confidential in writing by any other party hereto and, except as permitted by (i) this Agreement and (ii) by Title V, Subtitle A of the Gramm-Leach-Bliley Act and by regulations adopted thereunder by regulators having jurisdiction over the parties hereto, shall not disclose, disseminate or utilize such names and addresses and other confidential information without the express written consent of the affected party until such time as it may come into the public domain.

10.32. The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

10.43. This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

10.54. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

10.65. Each party hereto shall cooperate with, and promptly notify each other party and all appropriate governmental authorities (including without limitation the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

10.76. The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

10.87. It is understood by the parties that this Agreement is not an exclusive arrangement in any respect.

10.98. The Company and the Adviser each understand and agree that the obligations of the Fund under this Agreement are not binding upon any Trustee or shareholder of the Fund personally, but bind only the Fund with respect to the Portfolio and the Portfolio's property; the Company and the Adviser each represent that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming Trustee and shareholder liability for acts or obligations of the Fund.

10.109. This Agreement shall not be assigned by any party hereto without the prior written consent of all the parties. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, the Adviser may transfer or assign its rights, duties and obligations hereunder or interest herein to any entity owned, directly or indirectly, by Oppenheimer Acquisition Corp. (the Adviser's parent corporation) or to a successor in interest pursuant to a merger, reorganization, stock sale, asset sale or other transaction, without the consent of the Company, as long as (i) that assignee agrees to assume all the obligations imposed on the Adviser by this Agreement, and (ii) the Fund consents to that assignment.

10.110. This Agreement sets forth the entire agreement between the parties and supercedes all prior communications, agreements and understandings, oral or written, between the parties regarding the subject matter hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its duly authorized representative and its seal to be hereunder affixed as of the date specified below.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By: _____

For the President

Name: Philip K. Polkinghorn

Title: Vice President, Retirement Products and Services

Date: _____

By: _____

For the Secretary

Name: Edward M. Shea

Title: Assistant Vice President and Senior Counsel

Date: _____

**OPPENHEIMER VARIABLE ACCOUNT
FUNDS**

By: _____

Denis R. MolleurRobert G. Zack

Title: Assistant Secretary

Date: _____

OPPENHEIMERFUNDS, INC.

BBy: _____

Denis R. MolleurRobert G. Zack

Title: Senior Vice President

Date: _____

SCHEDULE 1

Separate Accounts

Products

Sun Life of Canada (U.S.) Separate Account F Regatta Choice II

Regatta Masters Choice

Regatta Masters Access

Regatta Masters Flex

Regatta Masters Extra

SCHEDULE 2

Portfolios of Oppenheimer Variable Account Funds shown below do not include service class shares unless expressly indicated:

Oppenheimer Capital Appreciation Fund/VA - Service class shares

Oppenheimer Main Street Small Cap Fund/VA - Service class shares

Oppenheimer Main Street Growth and Income Fund/VA - Service class shares

SCHEDULE 3

Mixed and Shared Funding Exemptive Order

Notice dated June 20, 1986 (Release No. IC-15162) - copy attached

Order dated July 16, 1986 (Release No. IC-15206) - copy attached

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PARTICIPATION AGREEMENT

THIS AGREEMENT, dated as of the 1st day of May, 2004 by and among SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), (the "Company"), a Delaware life insurance company, on its own behalf and on behalf of each segregated asset account of the Company set forth on Schedule A hereto as may be amended from time to time (each separate account hereinafter referred to as the "Account"), SCUDDER VARIABLE SERIES II (the "Fund"), a Massachusetts business trust created under a Declaration of Trust, as amended, SCUDDER DISTRIBUTORS, INC. (the "Underwriter"), a Delaware corporation, and DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC., a Delaware corporation (the "Adviser"). The parties agree that a single document is being used for ease of administration and that this Agreement shall be treated as if it were a separate agreement with respect to each Fund, and each series thereof, that is a party hereto, severally and not jointly, as if such entity had entered into a separate agreement naming only itself as a party. Without limiting the foregoing, no Fund, or series thereof, shall have any liability under this Agreement for the obligations of any other Fund, or series thereof.

WHEREAS, the Fund engages in business as an open-end management investment company and is or will be available to act as the investment vehicle for separate accounts established for variable life insurance and variable annuity contracts (the "Variable Insurance Products") to be offered by insurance companies which have entered into participation agreements with the Fund and Underwriter ("Participating Insurance Companies");

WHEREAS, the beneficial interest in the Fund is divided into several series of shares of beneficial interest without par value, and, with respect to certain series, classes thereof ("Shares"), and additional series of Shares, and classes thereof, may be established, each such series of Shares designated a "Portfolio" and representing the interest in a particular managed portfolio of securities and other assets;

WHEREAS, the Fund has obtained an order from the Securities and Exchange Commission (the "SEC") granting Participating Insurance Companies and variable annuity and variable life insurance separate accounts exemptions from the provisions of sections 9(a), 13(a), 15(a), and 15(b) of the Investment Company Act of 1940, as amended (the "1940 Act") and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit Shares of the Fund to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (the "Mixed and Shared Funding Exemptive Order");

WHEREAS, the Fund is registered as an open-end management investment company under the 1940 Act and Shares of the Portfolios are registered under the Securities Act of 1933, as amended (the "1933 Act");

WHEREAS, the Adviser, which serves as investment adviser to the Fund, is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and any applicable state securities laws;

WHEREAS, the Company has issued or will issue certain variable life insurance and/or variable annuity contracts supported wholly or partially by the Account (the "Contracts"), and said Contracts are listed in Schedule A hereto, as it may be amended from time to time by mutual written agreement;

WHEREAS, the Account is duly established and maintained as a segregated asset account, established by resolution of the Board of Directors of the Company, on the date shown for such Account on Schedule A hereto, to set aside and invest assets attributable to the aforesaid Contracts;

WHEREAS, the Underwriter, which serves as distributor to the Fund, is registered as a broker dealer with the SEC under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and is a member in good standing of the National Association of Securities Dealers, Inc. (the "NASD"); and

WHEREAS, to the extent permitted by applicable insurance laws and regulations, the Company intends to purchase shares in the Portfolios, and classes thereof, listed in Schedule B hereto, as it may be amended from time to time by mutual written agreement (the "Designated Portfolios") on behalf of the Account to fund the aforesaid Contracts, and the Underwriter is authorized to sell such Shares to the Account at net asset value;

NOW, THEREFORE, in consideration of their mutual promises, the Company, the Fund, the Adviser and the Underwriter agree as follows:

I. Sale of Fund Shares

- II. The Fund has granted to the Underwriter exclusive authority to distribute the Fund's Shares, and has agreed to instruct, and has so instructed, the Underwriter to make available to the Company for purchase, on behalf of the Account, Fund Shares of those Designated Portfolios selected by the Underwriter and listed on Schedule B to this Agreement. Pursuant to such authority and instructions, and subject to Article X hereof, the Underwriter agrees to make available to the Company for purchase on behalf of the Account, Shares of those Designated Portfolios listed on Schedule B to this Agreement, such purchases to be effected at net asset value in accordance with Section 1.3 of this Agreement. Notwithstanding the foregoing, (i) Fund series (other than those listed on Schedule B) in existence now or that may be established in the future will be made available to the Company only as the Underwriter may so provide, and (ii) the Board of Trustees of the Fund (the "Board") may refuse to sell shares of any Designated Portfolio to any person, or suspend or terminate the offering of Fund Shares of any Designated Portfolio or class thereof, if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Board acting in good faith and in light of its fiduciary duties under federal and any applicable state laws, suspension or termination is in the best interests of the shareholders of such Designated Portfolio.
- III. The Fund shall redeem, at the Company's request, any full or fractional Designated Portfolio Shares held by the Company on behalf of the Account, such redemptions to be effected at net asset value in accordance with Section 1.3 of this Agreement. Notwithstanding the foregoing, (i) the Company shall not redeem Fund Shares attributable to Contract owners except in the circumstances permitted in Section 10.3 of this Agreement, and (ii) the Fund may suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of Fund Shares of any Designated Portfolio to the extent permitted by the 1940 Act, any rules, regulations or orders thereunder.

IV. Purchase and Redemption Procedures

- a. The Fund hereby appoints the Company as an agent of the Fund for the limited purpose of receiving purchase and redemption requests on behalf of the Account for Shares of those Designated Portfolios made available hereunder, based on allocations of amounts to the Account or subaccounts thereof under the Contracts and other transactions relating to the Contracts or the Account. The Company shall not invest on its own behalf through its general account or otherwise. Receipt of any such request (or relevant transactional information therefore) on any day the New York Stock Exchange is open for trading and on which the Fund calculates its net asset value pursuant to the rules of the SEC (a "Business Day") by the Company as such limited agent of the Fund prior to the time that the Fund calculates its net asset value as described from time to time in the Fund Prospectus (which as of the date of execution of this Agreement is 4:00 p.m. Eastern Time) shall constitute receipt by the Fund on that same Business Day, provided that the Fund receives notice of such request by 9:30 a.m. Eastern Time on the next following Business Day.
- b. The Company shall pay for Shares of each Designated Portfolio on the same day that it notifies the Fund of a purchase request for such Shares. Payment for Designated Portfolio Shares shall be made in federal funds transmitted to the Fund by wire to be received by the Fund by the end of the Business Day

(normally 5:00 p.m. Eastern Time) on the same Business Day that the Fund is notified of the purchase request for Designated Portfolio Shares pursuant to Section 1.3(a) (unless the Fund determines and so advises the Company that sufficient proceeds are available from redemption of Shares of other Designated Portfolios effected pursuant to redemption requests tendered by the Company on behalf of the Account). If federal funds are not received on time, such funds will be invested, and Designated Portfolio Shares purchased thereby will be issued, as soon as practicable and the Company shall promptly, upon the Fund's request, reimburse the Fund for any charges, costs, fees, interest or other expenses incurred by the Fund in connection with any advances to, or borrowing or overdrafts by, the Fund, or any similar expenses incurred by the Fund, as a result of portfolio transactions effected by the Fund based upon such purchase request. Upon receipt of federal funds so wired, such funds shall cease to be the responsibility of the Company and shall become the responsibility of the Fund.

c. The Fund will redeem Designated Portfolio Shares requested on behalf of the Account, and make payment therefore, in accordance with the provisions of the then current registration statement of the Fund. Payment for Designated Portfolio Shares redeemed by the Company on behalf of the Account normally shall be made in federal funds transmitted by wire to the Company or any other designated person by the end of the Business Day (normally 5:00 p.m. Eastern Time) on the same Business Day that the Fund is notified of the redemption order for such Shares pursuant to Section 1.3(a) (unless redemption proceeds are to be applied to the purchase of Shares of other Designated Portfolios in accordance with Section 1.3(b) of this Agreement). The Fund shall not bear any responsibility whatsoever for the proper disbursement or crediting of redemption proceeds by the Company; the Company alone shall be responsible for such action.

- I. The Fund shall use its best efforts to make the net asset value per share for each Designated Portfolio available to the Company by 6:30 p.m. Eastern Time each Business Day, and in any event, as soon as reasonably practicable after the net asset value per share for such Designated Portfolio is calculated, and shall calculate such net asset value in accordance with the Fund's Prospectus. Any material error in the calculation or reporting of net asset value per share, dividend or capital gain information shall be reported to the Company upon discovery by the Fund. A material error in the calculation of net asset value per share pricing error shall be identified and corrected in accordance with the procedures for identifying and correcting net asset value errors adopted by the Fund's Board of Trustees and in effect at the time of the error. The Fund represents and warrants that its procedures for identifying and correcting net asset value errors currently comply, and will continue to comply, with the 1940 Act and generally industry-wide accepted SEC staff interpretations concerning pricing errors in effect at the time of an error. Neither the Fund, any Designated Portfolio, the Underwriter, nor any of their affiliates shall be liable for any information provided to the Company pursuant to this Section 1.4 Agreement, which information is based on incorrect information supplied by the Company.
- II. The Fund shall furnish notice (by wire, facsimile or telephone followed by written confirmation) to the Company as soon as reasonably practicable of any income dividends or capital gain distributions payable on any Designated Portfolio Shares. The Company, on its behalf and on behalf of the Account, hereby elects to receive all such dividends and distributions as are payable on any Designated Portfolio Shares in the form of additional Shares of that Designated Portfolio. The Company reserves the right, on its behalf and on behalf of the Account, to revoke this election and to receive all such dividends and capital gain distributions in cash. The Fund shall notify the Company of the number of Designated Portfolio Shares so issued as payment of such dividends and distributions.

- III. Issuance and transfer of Fund Shares shall be by book entry only. Stock certificates will not be issued to the Company or the Account. Purchase and redemption orders for Fund Shares shall be recorded in an appropriate ledger for the Account or the appropriate subaccount of the Account.
- IV. The parties hereto acknowledge that the arrangement contemplated by this Agreement is not exclusive; the Fund's Shares may be sold to other insurance companies (subject to Section 1.8 hereof) and to certain qualified retirement plans, and the cash value of the Contracts may be invested in other investment companies.
- V. The Underwriter and the Fund shall sell Fund Shares only to Participating Insurance Companies and their separate accounts and to persons or plans ("Qualified Persons") that qualify to purchase Shares of the Fund under Section 817(h) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder without impairing the ability of the Account to consider the portfolio investments of the Fund as constituting investments of the Account for the purpose of satisfying the diversification requirements of Section 817(h). The Underwriter and the Fund shall not sell Fund Shares to any insurance company or separate account unless an agreement incorporating substantially the same provisions as Article VI of this Agreement is in effect to govern such sales.

VI. Representations and Warranties

- VII. The Company represents and warrants that the Contracts (a) are or, prior to issuance, will be registered under the 1933 Act or, alternatively (b) are not registered because they are exempt from registration under the 1933 Act or will be offered exclusively in transactions that are exempt from registration under the 1933 Act. The Company further represents and warrants that the Contracts will be issued in compliance in all material respects with all applicable federal securities and state securities and insurance laws. The Company further represents and warrants that it is an insurance company duly organized and in good standing under applicable law, that it has legally and validly established the Account prior to any issuance or sale thereof as a segregated asset account under applicable insurance laws, that the Account is a Qualified Person, and that it (a) has registered or, prior to any issuance or sale of the Contracts, will register the Account as a unit investment trust in accordance with the provisions of the 1940 Act to serve as a segregated investment account for the Contracts, or alternatively (b) has not registered the Account in proper reliance upon an exclusion from registration under the 1940 Act. The Company shall register and qualify the Contracts or interests therein as securities in accordance with the laws of the various states only if and to the extent deemed advisable by the Company.
- VIII. The Fund represents and warrants that Fund Shares sold pursuant to this Agreement shall be registered under the 1933 Act, duly authorized for issuance and sold in compliance in all material respects with all applicable federal securities laws and that the Fund is and shall remain registered under the 1940 Act. The Fund shall amend the registration statement for its Shares under the 1933 Act and the 1940 Act from time to time as required in order to effect the continuous offering of the shares of the Designated Portfolios. The Fund shall register and qualify such Shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by the Fund or the Underwriter after taking into consideration any state insurance law requirements that the Company advises the Fund may be applicable. The Fund shall notify the Company of each state in which the Fund shares cannot be sold because such shares are not either qualified for sale or exempt from the requirements of the relevant securities laws.
- IX. [Intentionally Left Open]
- X. The Fund makes no representations as to whether any aspect of its operations, including, but not limited to, investment policies, fees and expenses, complies with the insurance laws of the various states, except that the Fund represents that the investment policies, fees and expenses of the Designated Portfolios are, and shall at all times remain in compliance with, the insurance laws of the state of organization of the Company set forth on the first page to the extent required to perform this Agreement and to the extent that the Fund is notified in writing as to any requirements of such state insurance law.
- XI. The Fund represents that it is a Massachusetts business trust duly organized and validly existing under the laws of the Commonwealth of Massachusetts and that the Designated Portfolios do and will comply in all material respects with all applicable provisions of the 1940 Act.

- XII. The Underwriter represents and warrants that it is a member in good standing of the NASD and is registered as a broker-dealer with the SEC. The Underwriter further represents that it will sell and distribute the shares of the Designated Portfolios in accordance with any applicable state and federal securities laws.
- XIII. The Adviser represents and warrants that it is and shall remain duly registered as an investment adviser under all applicable federal and state securities laws and that it shall perform its obligations for the Fund in compliance in all material respects with any applicable state and federal securities laws.
- XIV. The Fund, the Adviser and the Underwriter represent and warrant that all of their trustees, directors, officers, employees, investment advisers, and other individuals or entities dealing with the money and/or securities of the Fund are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Fund in an amount not less than the minimum coverage as required currently by Rule 17g-1 of the 1940 Act or such related provisions as may be promulgated from time to time. The aforesaid bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company. The Fund, the Adviser and the Underwriter agree to notify the Company in the event that such coverage no longer applies.
- XV. The Company represents and warrants that all of its directors, officers, employees, investment advisers, and other individuals or entities employed or controlled by the Company dealing with the money and/or securities of the Account are covered by a blanket fidelity bond or similar coverage for the benefit of the Account, in an amount not less than \$5 million. The aforesaid bond includes coverage for larceny and embezzlement and is issued by a reputable bonding company. The Company agrees to hold any amount received under such bond for the benefit of the Fund and to pay to the Fund such amounts lost from larceny, embezzlement or other events covered by the aforesaid bond to the extent such amounts properly belong to the Fund pursuant to the terms of this Agreement. The Company agrees to make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, and agrees to notify the Fund and the Underwriter in the event that such coverage no longer applies.
- XVI. The Company represents and warrants that all shares of the Designated Portfolios purchased by the Company will be purchased on behalf of one or more unmanaged separate accounts that offer interests therein that are registered under the 1933 Act and upon which a registration fee has been or will be paid or that are unregistered because the interests are exempt from registration under the 1933 Act, and the Company acknowledges that the Fund intends to rely upon this representation and warranty for purposes of calculating SEC registration fees payable with respect to such Shares of the Designated Portfolios pursuant to Form 24F-2 or any similar form or SEC registration fee calculation procedure that allows the Fund to exclude Shares so sold for purposes of calculating its SEC registration fee. The Company will certify the amount of any Shares of the Designated Portfolios purchased by the Company on behalf of any separate account offering interests not subject to registration under the 1933 Act. The Company agrees to cooperate with the Fund on no less than an annual basis to certify as to its continuing compliance with this representation and warranty.
- XVII. The Company represents and warrants as follows:
- (a) The Company has in place and will maintain an anti-money laundering program ("AML program") that does now and will continue to comply with applicable laws and regulations, including the relevant provisions of the USA PATRIOT Act (Pub. L. No. 107-56 (2001)) and the regulations issued thereunder by the U.S. Treasury Department, as applicable.
- (b) The Company has, after undertaking reasonable inquiry, no information or knowledge that (a) any Contract owner that invests in the Account, or (b) any person or entity controlling, controlled by or under common control with such Contract owner is an individual or entity or in a country or territory that is on an Office of Foreign Assets Control ("OFAC") list or similar list of sanctioned or prohibited persons maintained by a U.S. governmental or regulatory body. The Company will continue to perform required inquiries pursuant to OFAC regulations and will promptly notify the Fund and underwriters of any change in this representation.

In addition, the Underwriter and the Fund hereby provide notice to the Company that the Underwriter and/or the Fund reserve the right to make inquiries of and request additional information from the Company regarding its AML program.

XVIII. Prospectuses and Proxy Statements; Voting

- XIX. The Underwriter shall provide the Company with as many copies of the Fund's current prospectus (describing only the Designated Portfolios listed on Schedule B) and any amendments or supplements thereto as the Company may reasonably request. If requested by the Company in lieu thereof, the Fund shall provide such documentation (including a final copy of the current prospectus (including any amendments or supplements thereto) on computer diskette or other electronic means at the Fund's expense) and other assistance as is reasonably necessary in order for the Company once each year (or more frequently if the prospectus for a Designated Portfolio is amended) to have the prospectus for the Contracts and the prospectus for the Designated Portfolios printed together in one document. Expenses with respect to the foregoing shall be borne as provided under Article V.
- XX. The Fund's prospectus shall state that the current Statement of Additional Information ("SAI") for the Fund is available from the Company (or in the Fund's discretion, from the Fund), and the Fund shall provide a copy of such SAI to any owner of a Contract who requests such SAI and to the Company in such quantities as the Company may reasonably request. Expenses with respect to the foregoing shall be borne as provided under Article V.
- XXI. The Fund shall provide the Company with copies of its proxy material, reports to shareholders, and other communications to shareholders of the Designated Portfolios in such quantity as the Company shall reasonably require for distributing to Contract owners. Expenses with respect to the foregoing shall be borne as provided under Article V.
- XXII. If a meeting of shareholders of a Designated Portfolio is called, the Company shall:
- i. solicit voting instructions from Contract owners
 - ii. vote the shares of each Designated Portfolio in accordance with instructions received from Contract owners; and
 - iii. vote shares of each Designated Portfolio for which no instructions have been received in the same proportions as fund shares of such Designated Portfolio for which instructions have been received.

so long as and to the extent that the SEC continues to interpret the 1940 Act to require pass-through voting privileges for variable contract owners or to the extent otherwise required by law. The Company reserves the right to vote shares of each Designated Portfolio held in any segregated asset account in its own right, to the extent permitted by law.

- I. The Fund reserves the right, upon prior written notice to the Company (given at the earliest practicable time), to take all actions, including but not limited to, the dissolution, termination, merger and sale of all assets of the Fund or any Designated Portfolio upon the sole authorization of the Board, to the extent permitted by the laws of the Commonwealth of Massachusetts and the 1940 Act.
- II. Participating Insurance Companies shall be responsible for assuring that each of their separate accounts participating in a Designated Portfolio calculates voting privileges as required by the Mixed and Shared Funding Exemptive Order and consistent with any reasonable standards that the Fund may adopt and provide in writing.
- III. It is understood and agreed that, except with respect to information regarding the Fund, the Underwriter, the Adviser or Designated Portfolios provided in writing by the Fund, the Underwriter or the Adviser, none of the Fund, the Underwriter or the Adviser is responsible for the content of the prospectus or statement of additional information for the Contracts.
- IV. The Company shall comply with any applicable privacy and notice provisions of 15 U.S.C. 6801-6827 and any applicable regulations promulgated thereunder (including but not limited to 17 C.F.R. Part 248) as they may be amended.

V. Sales Material and Information

- VI. The Company shall furnish, or shall cause to be furnished, to the Fund or its designee, each piece of sales literature or other promotional material that the Company develops or uses and in which the Fund (or a Designated Portfolio thereof) or the Adviser or the Underwriter is named, at least ten (10) Business Days before its use. No such material shall be used until approved by the Fund or its designee, and the Fund or its designee will review such sales literature or promotional material within ten (10) Business Days after receipt of such material. The Fund or its designee reserves the right to reasonably object to the continued use of any such sales literature or other promotional material in which the Fund (or a Designated Portfolio thereof) or the Adviser or the Underwriter is named, and no such material shall be used if the Fund or its designee so objects.
- VII. The Company shall not give any information or make any representations or statements on behalf of the Fund or concerning the Fund in connection with the sale of the Contracts other than the information or representations contained in the registration statement or prospectus or SAI for the Fund Shares, as such registration statement and prospectus or SAI may be amended or supplemented from time to time, or in reports or proxy statements for the Fund, or in sales literature or other promotional material approved by the Fund or its designee or by the Underwriter, except with the permission of the Fund or the Underwriter or the designee of either.
- VIII. The Fund and the Underwriter, or their designee, shall furnish, or shall cause to be, furnished, to the Company, each piece of sales literature or other promotional material that it develops or uses and in which the Company, and/or its Account, is named, at least ten (10) Business Days before its use. No such material shall be used until approved by the Company, and the Company will review such sales literature or promotional material within ten (10) Business Days after receipt of such material. The Company reserves the right to reasonably object to the continued use of any such sales literature or other promotional material in which the Company and/or its Account is named, and no such material shall be used if the Company so objects.
- IX. The Fund and the Underwriter shall not give any information or make any representations on behalf of the Company or concerning the Company, the Account, or the Contracts other than the information or representations contained in a registration statement, prospectus (which shall include an offering memorandum, if any, if the Contracts issued by the Company or interests therein are not registered under the 1933 Act), or SAI for the Contracts, as such registration statement, prospectus, or SAI may be amended or supplemented from time to time, or in published reports for the Account which are in the public domain or approved by the Company for distribution to Contract owners, or in sales literature or other promotional material approved by the Company or its designee, except with the permission of the Company.
- X. Upon request, the Fund will provide to the Company at least one complete copy of all registration statements, prospectuses, SAIs, reports, proxy statements, sales literature and other promotional materials, applications for exemptions, requests for no-action letters, and all amendments to any of the above, that relate to the Fund or its Shares, promptly after the filing of such document(s) with the SEC or other regulatory authorities.
- XI. Upon request, the Company will provide to the Fund at least one complete copy of all registration statements, prospectuses (which shall include an offering memorandum, if any, if the Contracts issued by the Company or interests therein are not registered under the 1933 Act), SAIs, reports, solicitations for voting instructions, sales literature and other promotional materials, applications for exemptions or substitutions, requests for no-action letters, and all amendments to any of the above, that relate to the Contracts or the Account, promptly after the filing of such document(s) with the SEC or other regulatory authorities. The Company shall provide to the Fund and the Underwriter any complaints received from the Contract owners pertaining to the Fund or the Designated Portfolio.
- XII. The Fund will provide the Company with as much notice as is reasonably practicable of any proxy solicitation for any Designated Portfolio, and of any material change in the Fund's registration statement, particularly any change resulting in a change to the registration statement or prospectus for any Account. The Fund will work with the Company so as to enable the Company to solicit proxies from Contract owners, or to make changes to its prospectus or registration statement, in an orderly manner. The Fund will make reasonable efforts to attempt to have changes affecting Contract prospectuses become effective simultaneously with the annual updates for such prospectuses.

XIII. For purposes of this Article IV, the phrase "sales literature and other promotional materials" includes, but is not limited to, any of the following that refer to the Fund or any affiliate of the Fund: advertisements (such as material published, or designed for use in, a newspaper, magazine, or other periodical, radio, television, internet website (or other electronic media), telephone or tape recording, videotape display, signs or billboards, motion pictures, or other public media), sales literature (*i.e.*, any written communication distributed or made generally available to customers or the public, including brochures, circulars, reports, market letters, form letters, seminar texts, reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, and any other communications distributed or made generally available with regard to the Fund.

XIV. Fees and Expenses

- XV. The Fund, the Adviser and the Underwriter shall pay no fee or other compensation to the Company under this Agreement, although the parties hereto will bear certain expenses in accordance with Schedule C and other provisions of this Agreement.
- XVI. All expenses incident to performance by the Fund under this Agreement shall be paid by the Fund, except and as further provided in Schedule C. The cost of setting the Fund's prospectus in type, setting in type and printing the Fund's proxy materials and reports to shareholders (including the costs of printing a prospectus that constitutes an annual report), the preparation of all statements and notices relating to the Fund required by any federal or state law, and all taxes on the issuance or transfer of the Fund's Shares shall be borne by the parties hereto as set forth in Schedule C.
- XVII. The expenses of distributing the Fund's prospectus to new and existing owners of Contracts issued by the Company and of distributing the Fund's proxy materials and reports to Contract owners shall be borne by the parties hereto as set forth in Schedule C.

5.4 The Company represents that the Contracts are designed for long-term investors and the Company has and will maintain policies and procedures in place to detect and deter short-term trading or other abusive market timing practices, which include but are not limited to, monitoring contract owner activity and imposing trade restrictions.

The Company will cooperate with the Fund, the Adviser or the Underwriter to implement any specific policies and procedures of the Fund, the Adviser or the Underwriter for one or more Designated Portfolios in regard to market timing, short-term trading or excessive trading. If the Fund, the Adviser or the Underwriter notifies the Company that a pattern or patterns of transactions in one or more Accounts is having or may have, in their sole discretion, an adverse effect on a Designated Portfolio, the Company will promptly investigate such pattern or patterns and take such further actions, including the imposition of transfer restrictions consistent with the terms of the Contracts, as the Company deems necessary or appropriate to inhibit short-term trading by Contract owners.

The Company acknowledges that the Fund, the Adviser or the Underwriter may take such actions as it deems to be in the best interests of shareholders of the Designated Portfolios, including, among other things, the right to revoke, reject or cancel purchase orders for shares of the Designated Portfolios made by the Company. Any such revocation, rejection or cancellation may be made in whole or in part, it being understood that the Fund, the Adviser and the Underwriter are not required to isolate objectionable trades.

5.5 The Company agrees that the Fund, the Underwriter and the Adviser shall bear no responsibility for any act of any unaffiliated fund or the investment adviser or underwriter thereof.

- XVIII. The Fund represents that each Designated Portfolio is or will be qualified as a Regulated Investment Company under Subchapter M of the Code, and that it will make every effort to maintain such qualification (under Subchapter M or any successor or similar provisions) and that it will notify the Company immediately upon

having a reasonable basis for believing that a Designated Portfolio has ceased to so qualify or that it might not so qualify in the future.

- XIX. The Company represents that the Contracts are currently, and at the time of issuance shall be, treated as life insurance or annuity insurance contracts, under applicable provisions of the Code, and that it will make every effort to maintain such treatment, and that it will notify the Fund and the Underwriter immediately upon having a reasonable basis for believing the Contracts have ceased to be so treated or that they might not be so treated in the future. The Company agrees that any prospectus offering a contract that is a "modified endowment contract" as that term is defined in Section 7702A of the Code (or any successor or similar provision), shall identify such contract as a modified endowment contract.

XX. Potential Conflicts

- XXI. The Board will monitor the Fund for the existence of any material irreconcilable conflict among the interests of the Contract owners of all separate accounts investing in the Fund. An irreconcilable material conflict may arise for a variety of reasons, including: (a) an action by any state insurance regulatory authority; (b) a change in applicable insurance laws or regulations; (c) a tax ruling or provision of the Internal Revenue Code or the regulations thereunder; (d) any other development relating to the tax treatment of insurers, Contract or policy owners or beneficiaries of variable annuity contracts or variable life insurance policies; (e) the manner in which the investments of any Designated Portfolio are being managed; (f) a difference in voting instructions given by variable annuity contract holders, on the one hand, and variable life insurance policy owners, on the other hand, or by the contract holders or policy owners of different Participating Insurance Companies; or (g) a decision by a Participating Insurance Company to disregard the voting instructions of its Contract owners. The Board shall promptly inform the Company by written notice if it determines that an irreconcilable material conflict exists and the implications thereof.
- XXII. The Company and the Adviser will report any potential or existing conflicts of which it is aware to the Board. The Company will assist the Board in carrying out its responsibilities under the Mixed and Shared Funding Exemptive Order, by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This includes, but is not limited to, an obligation by the Company to inform the Board whenever Contract owner voting instructions are disregarded. At least annually, and more frequently if deemed appropriate by the Board, the Company shall submit to the Adviser, and the Adviser shall at least annually submit to the Board, such reports, materials and data as the Board may reasonably request so that the Board may fully carry out the obligations imposed upon it by the conditions contained in the Mixed and Shared Funding Exemptive Order; and said reports, materials and data shall be submitted more frequently if deemed appropriate by the Board. The responsibility to report such information and conflicts to the Board will be carried out with a view only to the interests of the Contract owners.
- XXIII. If it is determined by a majority of the Board, or a majority of its disinterested members, that a material irreconcilable conflict exists, the Company and other Participating Insurance Companies shall, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested Board members), take whatever steps are necessary to remedy or eliminate the irreconcilable material conflict, up to and including: (1) withdrawing the assets allocable to some or all of the separate accounts from the Fund or any Designated Portfolio and reinvesting such assets in a different investment medium, including (but not limited to) another Designated Portfolio of the Fund, or submitting the question whether such segregation should be implemented to a vote of all affected contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., annuity contract owners, life insurance contract owners, or variable contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected contract owners the option of making such a change; and (2) establishing a new registered management investment company or managed separate account.
- XXIV. If a material irreconcilable conflict arises because of a decision by the Company to disregard Contract owner voting instructions and that decision represents a minority position or would preclude a majority vote, the Company may be required, at the Fund's election, to withdraw the affected Account's investment in any Designated Portfolio and terminate this Agreement with respect to such Account; provided, however, that such withdrawal and termination shall be limited to the extent required by the foregoing material

irreconcilable conflict as determined by a majority of the disinterested members of the Board. The Company will bear the cost of any remedial action, including such withdrawal and termination. Any such withdrawal and termination must take place within six (6) months after the Fund gives written notice that this provision is being implemented, and until the end of that six month period the Fund shall continue to accept and implement orders by the Company for the purchase (and redemption) of shares of such Designated Portfolio.

XXV. If a material irreconcilable conflict arises because a particular state insurance regulator's decision applicable to the Company conflicts with the majority of other state regulators, then the Company will withdraw the affected Account's investment in the Fund and terminate this Agreement with respect to such Account within six (6) months after the Board informs the Company in writing that it has determined that such decision has created an irreconcilable material conflict; provided, however, that such withdrawal and termination shall be limited to the extent required by the foregoing material irreconcilable conflict as determined by a majority of the disinterested members of the Board. Until the end of the foregoing six (6) month period, the Fund shall continue to accept and implement orders by the Company for the purchase (and redemption) of shares of such Designated Portfolios.

XXVI. For purposes of Sections 7.3 through 7.6 of this Agreement, a majority of the disinterested members of the Board shall determine whether any proposed action adequately remedies any irreconcilable material conflict, but in no event will the Fund be required to establish a new funding medium for the Contracts. The Company shall not be required by Section 7.3 to establish a new funding medium for the Contract if an offer to do so has been declined by vote of a majority of Contract owners materially adversely affected by the irreconcilable material conflict. In the event that the Board determines that any proposed action does not adequately remedy any irreconcilable material conflict, then the Company will withdraw an Account's investment in any Designated Portfolio and terminate this Agreement within six (6) months after the Board informs the Company in writing of the foregoing determination; provided, however, that such withdrawal and termination shall be limited to the extent required by any such material irreconcilable conflict as determined by a majority of the disinterested members of the Board.

XXVII. If and to the extent the Mixed and Shared Funding Exemption Order or any amendment thereto contains terms and conditions different from Sections 3.4, 3.6, 7.1, 7.2, 7.3, 7.4, and 7.5 of this Agreement, then the Fund and/or the Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with the Mixed and Shared Funding Exemptive Order, and Sections 3.4, 3.6, 7.1, 7.2, 7.3, 7.4 and 7.5 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in the Mixed and Shared Funding Exemptive Order or any amendment thereto. If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 or any similar rule is adopted, to provide exemptive relief from any provision of the 1940 Act or the rules promulgated thereunder with respect to mixed or shared funding (as defined in the Mixed and Shared Funding Exemptive Order) on terms and conditions materially different from those contained in the Mixed and Shared Funding Exemptive Order, then (a) the Fund and/or the Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, and Rule 6e-3 or any similar rule, as adopted, to the extent such rules are applicable; and (b) Sections 3.4, 3.6, 7.1., 7.2, 7.3, 7.4, and 7.5 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such Rule(s) as so amended or adopted.

XXVIII. Indemnification

XXIX. Indemnification By the Company

- a. The Company agrees to indemnify and hold harmless the Fund, the Adviser and the Underwriter and each of its trustees, directors and officers, and each person, if any, who controls the Fund, the Adviser or Underwriter within the meaning of Section 15 of the 1933 Act or who is under common control with the Underwriter (collectively, the "Indemnified Parties" for purposes of this Section 8.1) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Company) or litigation (including reasonable legal and other expenses), to which the

Indemnified Parties may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Shares of the Designated Portfolios or the Contracts; and:

- i. arise out of or are based upon any untrue statement or alleged untrue statements of any material fact contained in the registration statement, prospectus (which shall include an offering memorandum, if any), or SAI for the Contracts or contained in the Contracts or sales literature for the Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Fund for use in the registration statement, prospectus or SAI for the Contracts or in the Contracts or sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Fund Shares; or
 - ii. arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus, SAI, or sales literature of the Fund not supplied by the Company or persons under its control) or wrongful conduct of the Company or its agents or persons under the Company's authorization or control, or any affiliate thereof, with respect to the sale or distribution of the Contracts or Fund Shares; or
 - iii. arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, SAI, or sales literature of the Fund or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such a statement or omission was made in reliance upon information furnished to the Fund by or on behalf of the Company; or
 - iv. arise as a result of any material failure by the Company to provide the services and furnish the materials under the terms of this Agreement (including a failure, whether unintentional or in good faith or otherwise, to comply with the qualification requirements specified in Article VI of this Agreement); or
 - v. arise out of or result from any material breach of any representation and/or warranty made by the Company in this Agreement or arise out of or result from any other material breach of this Agreement by the Company, as limited by and in accordance with the provisions of Sections 8.1(b), 8.1(c) and 8.1(d) hereof.
- f. The Company shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's

reckless disregard of its obligations or duties under this Agreement or to the Company, the Fund, the Adviser, the Underwriter or the Account, whichever is applicable.

- g. The Company shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Company in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Company of any such claim shall not relieve the Company from any liability that it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision, except to the extent that the Company has been materially prejudiced by such failure to give notice. In case any such action is brought against an Indemnified Party, the Company shall be entitled to participate, at its own expense, in the defense of such action. The Company also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action and to settle the claim at its own expense; provided, however, that no such settlement shall, without the Indemnified Parties' written consent, include any factual stipulation referring to the Indemnified Parties or their conduct. After notice from the Company to such party of the Company's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Company will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.
- h. The Indemnified Parties will promptly notify the Company of the commencement of any litigation or proceedings against them in connection with the issuance or sale of the Fund Shares or the Contracts or the operation of the Fund.

I. Indemnification by the Underwriter

- a. The Underwriter agrees to indemnify and hold harmless the Company and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 8.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Underwriter) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of Shares of the Designated Portfolios or the Contracts; and:
 - i. arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or SAI or sales literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such

- statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to the Underwriter or Fund by or on behalf of the Company for use in the registration statement, prospectus or SAI for the Fund or in sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Fund Shares; or
- ii. arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus, SAI or sales literature for the Contracts not supplied by the Underwriter or persons under its control) or wrongful conduct of the Fund, the Adviser or the Underwriter or persons under their control, with respect to the sale or distribution of the Contracts or Fund Shares; or
 - iii. arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, SAI or sales literature covering the Contracts, or any amendment thereof or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished to the Company by or on behalf of the Fund, the Adviser or the Underwriter; or
 - iv. arise as a result of any failure by the Fund, the Adviser or the Underwriter to provide the services and furnish the materials under the terms of this Agreement (including, without limitation, a situation where the per share net asset values provided to the Company under Section 1.4 are materially incorrect, or a failure of the Fund, whether unintentional or in good faith or otherwise, to comply with the diversification and other qualification requirements specified in Article VI of this Agreement); or
 - v. arise out of or result from any material breach of any representation and/or warranty made by the Underwriter or the Adviser in this Agreement or arise out of or result from any other material breach of this Agreement by the Underwriter or the Adviser;

as limited by and in accordance with the provisions of Sections 8.2(b), 8.2(c) and 8.2(d) hereof.

- f. The Underwriter shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance or such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Company, the Fund, the Adviser, the Underwriter or the Account, whichever is applicable.
- g. The Underwriter shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Underwriter in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such

Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Underwriter of any such claim shall not relieve the Underwriter from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision, except to the extent that the Underwriter has been prejudiced by such failure to give notice. In case any such action is brought against the Indemnified Party, the Underwriter will be entitled to participate, at its own expense, in the defense thereof. The Underwriter also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action and to settle the claim at its own expense; provided, however, that no such settlement shall, without the Indemnified Parties' written consent, include any factual stipulation to the Indemnified Parties or their conduct. After notice from the Underwriter to such party of the Underwriter's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Underwriter will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

- h. The Company agrees promptly to notify the Underwriter of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issuance or sale of the Contracts or the operation of the Account.

I. Indemnification By the Fund

- a. The Fund agrees to indemnify and hold harmless the Company and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 8.3) against any and all losses, claims, expenses, damages, liabilities (including amounts paid in settlement with the written consent of the Fund) or litigation (including reasonable legal and other expenses) to which the Indemnified Parties may be required to pay or may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, expenses, damages, liabilities or expenses (or actions in respect thereof) or settlements, are related to the operations of the Fund and:
 - i. arise as a result of any failure by the Fund to provide the services and furnish the materials under the terms of this Agreement; or
 - ii. arise out of or result from any material breach of any representation and/or warranty made by the Fund in this Agreement or arise out of or result from any other material breach of this Agreement by the Fund;

as limited by and in accordance with the provisions of Sections 8.3(b), 8.3(c) and 8.3(d) hereof.

- c. The Fund shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the

Company, the Fund, the Adviser, the Underwriter or the Account, whichever is applicable.

- d. The Fund shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Fund in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Fund of any such claim shall not relieve the Fund from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision, except to the extent the Fund has been prejudiced by such failure to give notice. In case any such action is brought against the Indemnified Parties, the Fund will be entitled to participate, at its own expense, in the defense thereof. The Fund also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action and to settle the claim at its own expense; provided, however, that no such settlement shall, without the Indemnified Parties' written consent include any factual stipulation referring to the Indemnified Parties or their conduct. After notice from the Fund to such party of the Fund's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Fund will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.
- e. The Company, the Adviser and the Underwriter agree promptly to notify the Fund of the commencement of any litigation or proceeding against it or any of its respective officers or trustees in connection with the Agreement, the issuance or sale of the Contracts, the operation of any Account, or the sale or acquisition of Shares of the Fund.

I. Applicable Law

- II. This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the Commonwealth of Massachusetts.
- III. This Agreement shall be subject to the applicable provisions of the 1933, 1934 and 1940 Acts, and the rules and regulations and rulings thereunder, including such exemptions from those statutes, rules and regulations as the SEC may grant (including, but not limited to, any Mixed and Shared Funding Exemptive Order) and the terms hereof shall be interpreted and construed in accordance therewith. If, in the future, the Mixed and Shared Funding Exemptive Order should no longer be necessary under applicable law, then Article VII shall no longer apply.

IV. Termination

- V. This Agreement shall continue in full force and effect until the first to occur of:
 - a. termination by any party, for any reason with respect to some or all Designated Portfolios, by sixty (60) days advance written notice delivered to the other parties; or
 - b. termination by the Company by written notice to the Fund, the Adviser and the Underwriter based upon the Company's reasonable and good faith determination that Shares of any Designated Portfolio are not reasonably available to meet the requirements of the Contracts; or

- c. termination by the Company by written notice to the Fund, the Adviser and the Underwriter in the event any of the Designated Portfolio's Shares are not registered, issued or sold in accordance with applicable state and/or federal securities laws or such law precludes the use of such Shares as the underlying investment media of the Contracts issued or to be issued by the Company; or
- d. termination by the Fund, the Adviser or Underwriter in the event that formal administrative proceedings are instituted against the Company or any affiliate by the NASD, the SEC, the Insurance Commissioner or like official of any state or any other regulatory body regarding the Company's duties under this Agreement or related to the sale of the Contracts, the operation of any Account, or the purchase of the Fund's Shares; provided, however, that the Fund, the Adviser or Underwriter determines in its sole judgment exercised in good faith, that any such administrative proceedings will have a material adverse effect upon the ability of the Company to perform its obligations under this Agreement; or
- e. termination by the Company in the event that formal administrative proceedings are instituted against the Fund, the Adviser or Underwriter by the NASD, the SEC, or any state securities or insurance department or any other regulatory body; provided, however, that the Company determines in its sole judgment exercised in good faith, that any such administrative proceedings will have a material adverse effect upon the ability of the Fund or Underwriter to perform its obligations under this Agreement; or
- f. termination by the Company by written notice to the Fund, the Adviser and the Underwriter with respect to any Designated Portfolio in the event that such Portfolio ceases to qualify as a Regulated Investment Company under Subchapter M or fails to comply with the Section 817(h) diversification requirements specified in Article VI hereof, or if the Company reasonably believes that such Designated Portfolio may fail to so qualify or comply; or
- g. termination by the Fund, the Adviser or Underwriter by written notice to the Company in the event that the Contracts fail to meet the qualifications specified in Article VI hereof; or
- h. termination by any of the Fund, the Adviser or the Underwriter by written notice to the Company, if any of the Fund, the Adviser or the Underwriter respectively, shall determine, in their sole judgment exercised in good faith, that the Company has suffered a material adverse change in its business, operations, financial condition, insurance company rating or prospects since the date of this Agreement or is the subject of material adverse publicity; or
- i. termination by the Company by written notice to the Fund, the Adviser and the Underwriter, if the Company shall determine, in its sole judgment exercised in good faith, that the Fund, the Adviser or the Underwriter has suffered a material adverse change in its business, operations, financial condition or prospects since the date of this Agreement or is the subject of material adverse publicity, and that material adverse change or publicity will have a material effect on the Fund's or the Underwriter's ability to perform its obligation under this Agreement; or
- j. termination by the Company upon any substitution of the shares of another investment company or series thereof for Shares of a Designated Portfolio of the Fund in accordance with the terms of the Contracts, provided that the Company has given at least 45 days prior written notice to the Fund and Underwriter of the date of substitution; or

- k. termination by any party in the event that the Fund's Board of Trustees determines that a material irreconcilable conflict exists as provided in Article VII; or
 - l. at the option of the Company, as one party, or the Fund, the Adviser and the Underwriter, as one party, upon the other party's material breach of any provision of this Agreement upon 30 days' written notice and the opportunity to cure within such notice period; or
- I. Notwithstanding any termination of this Agreement, the Fund and the Underwriter shall, at the option of the Company, continue, for a one year period from the date of termination and from year to year thereafter if deemed appropriate by the Fund and the Adviser, to make available additional Shares of a Designated Portfolio pursuant to the terms and conditions of this Agreement, for all Contracts in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts.") Specifically, the owners of the Existing Contracts may be permitted to reallocate investments in the Designated Portfolios, redeem investments in the Designated Portfolios and/or invest in the Designated Portfolios upon the making of additional purchase payments under the Existing Contracts. The parties agree that this Section 10.2 shall not apply to any terminations under Article VII and the effect of such Article VII terminations shall be governed by Article VII of this Agreement. The parties further agree that this Section 10.2 shall not apply to any terminations under Section 10.1(g) of this Agreement.
- II. The Company shall not redeem Fund Shares attributable to the Contracts except (i) as necessary to implement Contract owner initiated or approved transactions, (ii) as required by state and/or federal laws or regulations or judicial or other legal precedent of general application (hereinafter referred to as a "Legally Required Redemption"), (iii) as permitted by an order of the SEC pursuant to Section 26(c) of the 1940 Act, or (iv) as permitted under the terms of the Contract. Upon request, the Company will promptly furnish to the Fund and the Underwriter reasonable assurance that any redemption pursuant to clause (ii) above is a Legally Required Redemption. Furthermore, except in cases where permitted under the terms of the Contracts, the Company shall not prevent Contract owners from allocating payments to a Designated Portfolio that was otherwise available under the Contracts without first giving the Fund or the Underwriter thirty (30) days notice of its intention to do so.
- III. Notwithstanding any termination of this Agreement, each party's obligation under Article VIII to indemnify the other parties shall survive.

IV. Notices

Any notice shall be sufficiently given when sent by registered or certified mail to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party.

If to the Fund:

Scudder Variable Series II

Two International Place

Boston, MA 02110-4103

Attn.: Secretary

If to the Company:

Sun Life Assurance Company of Canada (U.S.)

One Sun Life Executive Park, SC 1335

Wellesley Hills, MA 02481

Attention: Maura A. Murphy, Esq.

If to Underwriter:

Scudder Distributors, Inc.
Two International Place
Boston, MA 02110-4103
Attn.: Secretary

If to the Adviser:

Deutsche Investment Management Americas Inc.

Two International Place

Boston, MA 02110-4103

Attn.: Secretary

V. . Miscellaneous

1. Subject to the requirements of legal process and regulatory authority, each party hereto shall treat as confidential the names and addresses of the owners of the Contracts and all information reasonably identified as confidential in writing by any other party hereto and, except as permitted by this Agreement, shall not disclose, disseminate or utilize such names and addresses and other confidential information without the express written consent of the affected party until such time as such information has come into the public domain.
2. The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.
3. This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.
4. This Agreement incorporates the entire understanding and agreement among the parties hereto, and supersedes any and all prior understandings and agreements between the parties hereto with respect to the subject matter hereof.
5. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.
6. Each party hereto shall cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the NASD, and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby. Notwithstanding the generality of the foregoing, each party hereto further agrees to furnish the State Insurance Commissioner with any information or reports in connection with services provided under this Agreement which such Commissioner may request in order to ascertain whether the variable annuity operations of the Company are being conducted in a manner consistent with the State variable annuity laws and regulations and any other applicable law or regulations.
7. The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies, and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.
8. This Agreement or any of the rights and obligations hereunder may not be assigned by any party without the prior written consent of all parties hereto.

9. All persons are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, all of which are on file with the Secretary of the Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of the Fund by its representatives as such representatives and not individually, and the obligations of the Fund with respect to a Designated Portfolio hereunder are not binding upon any of the trustees, officers or shareholders of the Fund individually, but are binding upon only the assets and property of such Designated Portfolio. All parties dealing with the Fund with respect to a Designated Portfolio shall look solely to the assets of such Designated Portfolio for the enforcement of any claims against the Fund hereunder.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its duly authorized representative and its seal to be hereunder affixed hereto as of the date first above written.

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.):

By:

Title:

By:

Title:

SCUDDER VARIABLE SERIES II
FUND:

By:

Title:

SCUDDER DISTRIBUTORS, INC.
UNDERWRITER:

By:

Title:

DEUTSCHE INVESTMENT MANAGEMENT
AMERICAS INC.
ADVISER:

By:

Title:

-

SCHEDULE A

Name of Registered Separate Account and Date Established by Board of Directors

Sun Life of Canada (U.S.) Separate Account G; Established: July 25, 1996

Contracts Funded by Registered Separate Account

Sun Life Large Case VUL

Name of Unregistered Separate Account and Date Established by Board of Directors

Sun Life of Canada (U.S.) Separate Account H; Established December 1, 1998

Contracts Funded by Unregistered Separate Account

Sun Life Large Case PPVUL

SCHEDULE B

DESIGNATED PORTFOLIOS

Designated Portfolio Class

1. SVS Dreman High Return Equity Portfolio A

-

SCHEDULE C

EXPENSES

ITEM	FUNCTION	PARTY RESPONSIBLE FOR EXPENSE
FUND PROSPECTUS		
Update	Typesetting	Fund
New Sales:	Printing Distribution	Company Company
Existing Owners:	Printing Distribution	Fund Fund
STATEMENTS OF ADDITIONAL INFORMATION	Same as Prospectus	
PROXY MATERIALS OF THE FUND	Typesetting Printing Distribution	Fund Fund Fund

ANNUAL REPORTS AND OTHER COMMUNICATIONS WITH SHAREHOLDERS OF THE FUND		
All	Typesetting	Fund
Marketing	Printing Distribution	Company Company
Existing Owners:	Printing Distribution	Fund Fund
OPERATIONS OF FUND	All operations and related expenses, including the cost of registration and qualification of the Fund's shares, preparation and filing of the Fund's prospectus and registration statement, proxy materials and reports, the preparation of all statements and notices required by any federal or state law and all taxes on the issuance of the Fund's shares, and all costs of management of the business affairs of the Fund.	Fund

April 29, 2005

Sun Life Assurance Company of Canada (U.S.)

One Sun Life Executive Park

Wellesley Hills, Massachusetts 02481

Re: Post-Effective Amendment No. 4 to the Registration Statement of Sun Life of Canada (U.S.)

Variable Account I on Form N-6, File 333-100831

Dear Ladies and Gentlemen:

This opinion is furnished in connection with the filing of the post-effective amendment to the above-referenced registration statement (the "Registration Statement") of Sun Life of Canada (U.S.) Variable Account I (the "Variable Account"), a separate account of Sun Life Assurance Company of Canada (U.S.), a Delaware corporation (the "Company"), with respect to the proposed sale of an indefinite amount of flexible premium combination fixed and variable life insurance policies (the "Policies") described in the prospectus (the "Prospectus") contained in the Registration Statement.

I have examined all such corporate records of the Company and such other documents and laws as I consider necessary as a basis for this opinion. On the basis of such examination, it is my opinion that:

1. The Company is a corporation in good standing duly organized and validly existing under the laws of the state of Delaware.
2. The Variable Account has been duly established by the Company under the laws of the State of Delaware.
3. Assets allocated to the Variable Account will be owned by the Company, and the Policies provide that the portion of assets of the Variable Account equal to the reserves and other Policy liabilities with respect to the Variable Account will not be chargeable with liabilities arising out of any other business the Company may conduct.
4. When issued and sold as described in the Prospectus, the Policies will be duly authorized and will constitute validly issued and binding obligations of the Company in accordance with their terms.

I hereby consent to the use of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Edward M. Shea

Edward M. Shea, Esq.

Assistant Vice President and Senior Counsel

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Post-Effective Amendment No. 4 to Registration Statement No. 333-100831 of Sun Life of Canada (U.S.) Variable Account I on Form N-6 of our report dated April 28, 2005 relating to the financial statements of Sun Life (U.S.) Variable Account I appearing in the Statement of Additional Information, which is part of such Registration Statement, to the use of our report dated March 18, 2005 (which expresses an unqualified opinion and includes two explanatory paragraphs, one relating to the merger of Sun Life Assurance Company of Canada (U.S.) with Keyport Life Insurance Company ("Keyport") on December 31, 2003, and another paragraph relating to the adoption 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," effective January 1, 2004, the adoption of provisions of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and the adoption of provisions of FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" effective December 31, 2003, described in Note 1) relating to the consolidated financial statements of Sun Life Assurance Company of Canada (U.S.) appearing in the Statement of Additional Information, and to the incorporation by reference in the Prospectus, which is also part of such Registration Statement, of our report dated March 18, 2005 (which expresses an unqualified opinion and includes two explanatory paragraphs, one relating to the merger of Sun Life Assurance Company of Canada (U.S.) with Keyport Life Insurance Company ("Keyport") on December 31, 2003, and another paragraph relating to the adoption 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," effective January 1, 2004, the adoption of provisions of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," and the adoption of provisions of FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" effective December 31, 2003, described in Note 1) in the Annual Report on Form 10-K of Sun Life Assurance Company of Canada (U.S.) for the year ended December 31, 2004.

We also consent to the reference to us under the heading "Independent Registered Public Accounting Firm" in such Statement of Additional Information.

Deloitte & Touche LLP

Boston, Massachusetts

April 28, 2005

Representation of Counsel Pursuant to Rule 485(b)

I, Edward M. Shea, in my capacity as counsel to Sun Life Assurance Company of Canada (U.S.) Variable Account I (the "Account"), have reviewed this Post-Effective Amendment to the Registration Statement which is being filed pursuant to paragraph (b) of Rule 485 under the Securities Act of 1933. Based upon my review of this Post-Effective Amendment and such other material relating to the operation of the Account as I deemed relevant, I hereby certify as of the date of this filing of the Post-Effective Amendment, that the Post-Effective Amendment does not contain disclosure which would render it ineligible to become effective pursuant to paragraph (b) of Rule 485.

I hereby consent to the filing of this representation as a part of this Post-Effective Amendment to the Registration Statement of the Account.

____/s/ Edward M. Shea_____ Edward M. Shea, esq.