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May 13, 1999

Christine A. Will, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th Street
New York, NY 10019-5389

Re: **Sun Life Assurance Company of Canada**
A.R.S. § 44-1844(A)(6)

Dear Ms. Will:

On the basis of the facts set forth in your letter of April 29, 1999, and in reliance on your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona (the "Act") should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this, we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

MARK SENDROW
Director of Securities

MS:md
Attachment

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L.L.P.

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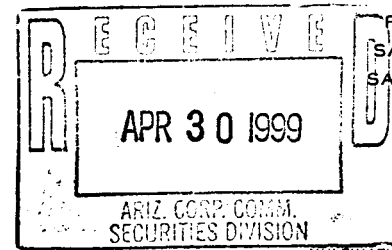
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SÃO PAULO
IN ASSOCIATION WITH
TAVARES GUERREIRO ADVOGADOS

CONFIDENTIAL TREATMENT REQUESTED

Section 44-1844.A(6)

April 29, 1999

VIA FEDERAL EXPRESS

W. Mark Sendrow, Director
Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona 85007-2996

Re: Demutualization of Sun Life Assurance Company of Canada

Dear Mr. Sendrow:

We are special counsel to Sun Life Assurance Company of Canada, a mutual life insurance company organized under the laws of Canada ("Sun Life"), in connection with Sun Life's proposed conversion from a mutual company to a stock company. This process of conversion (generally referred to as "demutualization") will be accomplished pursuant to a plan of conversion (the "Plan") adopted by the Board of Directors of Sun Life under the Insurance Companies Act (Canada) (the "ICA"), demutualization regulations (the "Demutualization Regulations") adopted thereunder and Sections 500.5901 et seq. of the Michigan Insurance Law (the "Michigan Demutualization Law"). The current draft (dated March 7, 1999) of the Plan is attached hereto as Exhibit A.

We are writing to request written confirmation from you that, for the reasons discussed herein, neither the securities registration nor the dealer or salesperson registration requirements under the Securities Act of Arizona ("your statute") will apply to the transactions contemplated under the Plan or, if you are unable to provide us with such confirmation, that you will not recommend enforcement action if such transactions are effected without effecting securities, dealer or salesperson registration under your statute.

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The Proposed Demutualization

Overview. As part of the demutualization transaction, Eligible Policyholders (as defined in the Plan) will generally receive shares of common stock of a newly formed holding company (the "Holding Company") in exchange for their Membership Interests (as defined below) in Sun Life. The ICA and the Michigan Demutualization Law require that the Plan be approved by the Canadian Minister of Finance (the "Minister") and the Michigan Insurance Commissioner (the "Michigan Commissioner"). Prior to the Plan's effective date (the "Effective Date"), the Michigan Commissioner is authorized to and will hold a public hearing and, pursuant to the Michigan Demutualization Law, must determine, with respect to Eligible U.S. Policyholders (as defined below), that the Plan is fair and equitable. The Plan must also be approved by a vote of the Eligible Policyholders.

In addition, as discussed under "The IPO," infra, the Holding Company will conduct a registered, underwritten global initial public offering (the "IPO") of its common stock ("Holding Company Stock"), which is expected to be consummated shortly after the Effective Date.

Sun Life has been operating in the United States since 1895 and currently conducts its operations in the United States through a branch. This U.S. branch is not a separate subsidiary but instead refers to the operations of the parent company conducted in the United States. In order to operate on a branch basis in the United States, an alien insurer such as Sun Life must first select a state of entry for its U.S. branch. The insurance regulator of the state of entry becomes the primary regulator in the United States of that company's U.S. operations. Michigan is the state of entry for Sun Life's U.S. branch; as a result, under Michigan law, it is subject to all laws applicable to an insurer domiciled in Michigan, unless otherwise provided. Mich. Comp. Laws § 500.431(b). Sun Life also conducts business in the United States through an insurance subsidiary that sells annuities and other insurance products, including products that are registered under the federal securities laws, and through Massachusetts Financial Services Company, a Sun Life subsidiary that is a mutual fund provider and money manager.

Membership Interests. As a mutual life insurance company, Sun Life has no authorized, issued or outstanding capital stock. Policyholders of Sun Life who hold participating insurance policies have certain membership rights ("Membership Interests") in Sun Life, which constitute ownership interests in Sun Life. Membership Interests consist principally of the right to vote in the election of directors of Sun Life and on certain extraordinary matters, the right to

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participate in the profits of Sun Life for dividend purposes and the right to receive distributions of Sun Life's surplus in the event of the liquidation of Sun Life.¹

Eligible U.S. Policyholders. There are two groups of Eligible Policyholders in the United States who will be entitled to receive shares in the demutualization (collectively, the "Eligible U.S. Policyholders"). The first group, which includes approximately 154,000 Eligible Policyholders, holds policies issued by Sun Life to U.S. residents through its U.S. branch in the State of Michigan ("U.S. Branch Policyholders"). Such policies are denominated in U.S. dollars and have been specifically designed for the U.S. market. The second group consists of approximately 7,000 former residents of Canada and other countries who were issued participating policies sold in those countries and who subsequently migrated to the United States ("Migrant Policyholders"). These policies are denominated in Canadian dollars or other currencies.

Regulatory Review. The Plan will be primarily governed by the ICA and the Demutualization Regulations. Section 237 of the ICA and the Demutualization Regulations permit a life insurer to convert from a mutual company into a company with common shares upon application to the Minister. The Demutualization Regulations specify that the conversion proposal made pursuant to Section 237 of the ICA must set out the terms and means of effecting the conversion. The Plan must be submitted to the Canadian Superintendent of Financial Institutions (the "Superintendent"), along with certain specified information, including, among other things, opinions of the converting company's actuary and an independent actuary and opinions of a valuation expert and a financial market expert. After reviewing and commenting on the Plan, the Superintendent will authorize Sun Life to send to its Eligible Policyholders notice of a special meeting to consider the Plan. If the Plan is approved by the Eligible Policyholders at such special meeting, the directors of Sun Life may apply to the Minister for approval of the Plan and issuance of letters patent to effect the conversion.

Because Sun Life operates in the United States through its U.S. branch under the Michigan state of entry statute, the Michigan Demutualization Law will also apply to Sun Life's demutualization. Its requirements are broadly similar to those of the ICA and the Demutualization Regulations. It requires that the Plan be submitted to the Michigan Commissioner prior to a vote by Sun Life's members. The Michigan Commissioner is authorized to retain, and has retained, independent actuarial advisors to assist in reviewing the proposal. Under the Michigan Demutualization Law, the Michigan Commissioner must approve or

¹ After the demutualization, the ICA confers on holders of participating policies a right to vote for one-third of the directors of Sun Life; the remainder of the Board of Directors of Sun Life will be elected by the Holding Company as the sole shareholder of Sun Life. In addition, holders of participating policies will continue to receive dividends as declared by the Board of Directors of Sun Life.

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disapprove the Plan within 90 days after its submission, and cannot approve it unless he finds the Plan "does not prejudice the interests of its members, is fair and equitable, and is not inconsistent with the purpose and intent of [the Michigan Demutualization Law]."²

While the Office of the Superintendent of Financial Institutions ("OSFI") is Sun Life's principal insurance regulator in Canada, and will therefore pass on all elements of the Plan, OSFI recognizes the jurisdiction of the Michigan Commissioner as Sun Life's principal U.S. insurance regulator. We understand that OSFI and the Insurance Bureau of the Michigan Department of Commerce (the "Michigan Insurance Bureau") have consulted and will continue to consult with each other about the Sun Life demutualization, and that representatives of OSFI currently intend to be observers at the Hearing in Michigan. The Plan provides that it cannot become effective without the approval of the Michigan Commissioner following a public hearing (Section 7.1(b)(iii)) and that it cannot be amended without the approval of the Michigan Commissioner (Section 8.4).

Policyholder Vote. The Plan (along with any amendments to Sun Life's by-laws relating to the demutualization and the making of an application to the Minister) must be approved by the affirmative vote of not less than two-thirds of the votes of the Eligible Policyholders³ voting thereon in person or by proxy at a Special Meeting of Eligible Policyholders to be held in Toronto, Ontario (the "Special Meeting"). Each Eligible Policyholder is entitled to one vote on a special proposal to approve the Plan, without regard to the number of voting policies held. Pursuant to the ICA, Sun Life will mail notice of the date and place of the Special Meeting to Eligible Policyholders. The notice of the Special Meeting will be accompanied by a copy of the Plan and by a Policyholder Information Circular (the "Circular") that will contain a detailed description of the Plan and of Sun Life's business and financial condition. Sun Life anticipates that the disclosure regarding Sun Life and the proposed demutualization in the Circular will be similar to those which will be included in a registration statement to be filed under the Securities Act relating to the shares of Holding Company Stock to be offered in the IPO. The Circular will be subject to prior review by OSFI and the Michigan Commissioner. Canadian securities regulators are expected to grant relief from the prospectus requirements in Canada that

² Mich Comp. Laws §§500.5903 and 500.5915. For your convenience, copies of Section 5903 and 5915 are attached hereto as Exhibit B. Although the Michigan Demutualization Law generally requires the converting insurer to issue subscription rights to its members, Section 5915 states that the insurer may adopt a plan of conversion that "does not rely in whole or in part upon issuing nontransferable subscription rights" upon the Michigan Commissioner's approval. Sun Life will not issue subscription rights and will rely upon this provision for approval of its demutualization plan.

³ An "Eligible Policyholder" will be generally defined in the Plan as the holder of a participating policy of Sun Life that was in force on January 27, 1998.

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would relate to the distribution by the Holding Company of shares of Holding Company Stock to policyholders on the basis that the Circular will contain prospectus-level disclosure in accordance with the Demutualization Regulations and Canadian securities laws, policies and customs.

Hearing and Notices. The Michigan Commissioner has advised Sun Life of his intention to hold the Hearing on the Plan. At least 21 days before the date of the Hearing, Sun Life will mail to each Eligible U.S. Policyholder the Circular, notice of the Special Meeting and notice of the date, time, place and purpose of the Hearing. The notice will state that the Eligible U.S. Policyholders of Sun Life will have the right to appear and be heard at the Hearing and will inform them of the procedures to be followed in order to exercise such rights. Notice of the Hearing will also be published by Sun Life as a display advertisement no less than 30 days prior to the Hearing in at least three newspapers in accordance with Michigan Administrative Rule 500.2140. No hearing is required by the Michigan Demutualization Law; however, the Michigan Commissioner is authorized to hold a hearing on the Plan under both Section 212(3) of the Michigan Insurance Law and Michigan Administrative Rule 500.2139.⁴

Effective Date. In addition to the approval by the Eligible Policyholders, the effectiveness of the demutualization is subject to the approvals of the Plan by the Minister and the Michigan Commissioner, along with certain other regulatory approvals, and the execution and delivery of the underwriting agreements in respect of the IPO. Once such conditions have been satisfied, the Effective Date will be chosen by Sun Life's Board of Directors, and such date will be stated in the letters patent implementing the conversion.

Consummation of the Demutualization. The Plan provides that the Membership Interests of Eligible Policyholders will be exchanged for consideration in the form of shares of Holding Company Stock, cash or policy credits in an aggregate amount equal to the full value of Sun Life. Whether a particular Eligible Policyholder receives Holding Company Stock, cash or policy credits depends in each case upon, among other things, the type of policy held by such

⁴ Under Section 212(3) of the Michigan Insurance Law, the Michigan Commissioner is authorized to conduct hearings "which the commissioner deems necessary and appropriate for fact-finding or information gathering before making decisions, policies and determinations allowable or required by law in the course of carrying out the duties of the commissioner." Mich. Comp. Laws §500.212(3). In addition, under Michigan Administrative Rule 500.2139, the Michigan Commissioner "may order a public hearing for the purpose of obtaining information and providing the public with any opportunity to present data, views, and arguments on issues upon which the commissioner is authorized to make a determination." Mich. Admin. Rule 500.2139. For your convenience, copies of Section 212(3) of the Michigan Insurance Law and Michigan Administrative Rule 500.2139 are attached as Exhibit C hereto.

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policyholder and such policyholder's residency.⁵ Most Eligible Policyholders will receive shares of Holding Company Stock. The consideration paid to each Eligible Policyholder will be based on the allocation to such Eligible Policyholder of a number of shares of Holding Company Stock equal to the sum of (i) a fixed component, which is the same for all Eligible Policyholders, representing an Eligible Policyholder's right to vote in the election of directors of Sun Life and on certain extraordinary matters and (ii) a variable component based on a set of actuarial formulas set forth in the Plan that reflect certain attributes of such Eligible Policyholder's eligible policies.

On the Effective Date, certain actions shall occur, including: (i) all Membership Interests of Sun Life's policyholders will be extinguished; (ii) Sun Life shall issue to the Holding Company shares of Sun Life common stock; (iii) the Holding Company shall issue to Eligible Policyholders who are entitled to receive shares of Holding Company Stock such number of shares of Holding Company Stock as they are entitled to receive pursuant to the Plan; and (iv) the Holding Company shall purchase for cancellation all of the Holding Company Stock previously issued by the Holding Company to Sun Life and held by Sun Life immediately prior to the Effective Date.⁶ As a result of the foregoing, and by operation of the ICA, on the Effective Date Sun Life will convert from a mutual company to a company with common shares. Additionally, the Holding Company will acquire all of the outstanding capital stock of Sun Life and Sun Life will thereby become a wholly owned subsidiary of the Holding Company. The Holding Company will be regulated as an insurance company under the ICA.

The demutualization has been structured to conform with a number of published and private letter rulings of the Internal Revenue Service (the "IRS") so that, under the established position of the IRS, the exchange by Eligible Policyholders of their Membership Interests for Holding Company Stock will be a tax-free reorganization under the Internal Revenue Code of 1986, as amended.

⁵ Eligible Policyholders that reside in jurisdictions other than Canada, the United States, the United Kingdom, Hong Kong, the Philippines and Bermuda ("Mandatory Cash-out Policyholders") are entitled to receive cash only. Such policyholders (other than those whose policies are subject to liens or other title restrictions, who will receive cash directly) will be issued shares of Holding Company Stock, and such shares will be sold in the IPO and the proceeds remitted to such Mandatory Cash-out Policyholders. Eligible Policyholders that are disqualified by applicable tax laws and regulations from receiving shares of Holding Company Stock ("Policy Credit Policyholders") will be issued policy credits in lieu of shares, with the value of such policy credits based on a notional allocation of shares of Holding Company Stock. All other Eligible Policyholders will be issued shares of Holding Company Stock.

⁶ Prior to the Effective Date, the Holding Company will be a wholly-owned subsidiary of Sun Life.

The IPO

General. The Holding Company will conduct the IPO shortly after the Effective Date. The IPO will take the form of a global public offering; Sun Life currently expects that more than half of the shares will be offered in Canada and approximately one-third of the shares will be offered in the United States. All of the shares to be offered in the IPO in the United States will be registered under the Securities Act, as will a portion of the shares offered in the IPO outside the United States to cover possible "flowback" in secondary market transactions.⁷ The Holding Company expects to register such shares on Form F-10 in accordance with the rules and procedures applicable to the U.S.-Canada Multijurisdictional Disclosure System ("MJDS"). In this connection, the Holding Company will file and clear a prospectus with each of the Canadian provincial securities commissions; the Ontario Securities Commission will have principal responsibility for review of the prospectus.

The Holding Company will register the Holding Company Stock under Section 12 of the Securities Exchange Act of 1934, as amended, and will apply to list Holding Company Stock on the Toronto Stock Exchange, the Montreal Stock Exchange, the New York Stock Exchange, the London Stock Exchange and the Philippines Stock Exchange.

Discussion of Registration Requirements Under Your Statute

We respectfully submit that the securities transactions contemplated under the Plan could be considered to be of the kind described in your statute, at Arizona Revised Statutes, as amended ("A.R.S."), § 44-1844.A(6), which exempts from securities registration "any transaction or series of transactions incident to a statutory or judicially approved reorganization, merger, triangular merger, consolidation, or sale of assets, incident to a vote by securities holders pursuant to the articles of incorporation, the applicable corporate statute or other controlling statute, a partnership agreement or the controlling agreement among securities holders."

It should be noted that, pursuant to the requirements under the Michigan Demutualization Law, the Plan is subject to approval by at least two-thirds of the votes cast by the Eligible Policyholders at the Special Meeting and is also subject to the approval of the Michigan Commissioner after notice and public hearing, which administrative approval is subject to judicial review under Michigan law. Thus the conversion and reorganization of Sun Life could be viewed as a "statutory reorganization" under the above-cited exemption.

⁷ The Holding Company will also maintain the related prospectus as current for 25 days after the commencement of the IPO.

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In addition, the demutualization of Sun Life contemplated by the Plan could be viewed as a transaction which is substantially similar to a "merger, triangular merger" or "sale of assets" as contemplated under A.R.S. § 44-1844.A(6), in that the Plan contemplates a reorganization of Sun Life by way of the exchange of Ownership Interests of Eligible Policyholders for Holding Company Stock, which exchange is subject to the approval of not less than two-thirds of the votes cast by the Eligible Policyholders voting thereon at the Special Meeting. While the Ownership Interests are not securities, such interests do entitle policyholders to vote for the directors of Sun Life and to receive distributions of the surplus of Sun Life in the event of liquidation. Consequently, the exchange of such Ownership Interests for securities in the Holding Company will effect a reorganization that is substantially similar to a "merger" or a "sale of assets, incident to a vote by securities holders pursuant to the articles of incorporation, the applicable corporate statute or other controlling statute...."

Based upon the foregoing reasoning, we submit that neither the securities registration nor the dealer or salesperson registration requirements under your statute should apply to the issuance of Holding Company Stock pursuant to the Plan to Eligible U.S. Policyholders in your state.

Lastly, due to the highly regulated nature of the insurance industry, as evidenced by the requirements that the transactions contemplated under the Plan be approved by the Canadian Minister of Finance and the Michigan Insurance Commissioner and that such transactions meet the requirements for reorganizations and conversions of mutual insurance companies contained in the Michigan Demutualization Law, we respectfully suggest that such transactions are not the kind for which securities, dealer or salesperson registration is necessary or appropriate for the protection of investors.

* * *

Based upon the foregoing, we hereby request written confirmation from you that (i) the issuance of Holding Company Stock to Eligible U.S. Policyholders in your state pursuant to the Plan will constitute an exempt transaction under your statute or (ii) if you are unable to confirm the foregoing, that you will not recommend enforcement action if the proposed transactions are effected in your state without registration of the Holding Company Stock or of the Holding Company as a dealer or of individuals representing the Holding Company in effecting such transactions as dealers or salespersons under your statute.

We are enclosing herewith a check in the amount of \$200 to cover the required filing fee for this request.

Sun Life currently plans to mail the Circular, notice of the Special Meeting and notice of the Hearing to Eligible Policyholders on or about June 20, 1999. Accordingly, and because of the importance of the demutualization to Sun Life, we would appreciate hearing from

W. Mark Sendrow, Director

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you at your earliest convenience. If you have any questions or would like additional information, please do not hesitate to telephone the undersigned at 212-424-8138.

Sincerely,



Christine A. Will

Kindly acknowledge receipt of this filing by signing the enclosed duplicate of this letter and returning it in the envelope provided.

Received by: _____

Date: _____