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## **SPECIAL GAME CONDITIONS GOVERNING ANNUITY PRIZES**

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### **1. DEFINITIONS**

In these Game Conditions:

- (a) "annuity payments" means the periodic payments made by the third party provider to the winner of an annuity prize who does not select the single cash payment option in accordance with Section 2 hereof;
- (b) "annuity prize" means a prize made available by WCLC consisting of the issuance of an annuity contract from a third party provider, providing for annuity payments in accordance with the prize structure established from time to time by WCLC for any particular game;
- (c) "third party provider" means a person from whom WCLC has purchased, or with whom WCLC has entered into a contract to provide annuity payments to the winner of an annuity prize.

### **2. PAYMENT OPTIONS**

Subject to section 3 hereof, a winner of an annuity prize shall have the option to receive a single cash payment in lieu of periodic annuity payments. The single cash payment will be a fixed amount, as determined by WCLC in its sole discretion in accordance with the prize structure for the particular game, and will extinguish the winner's entitlement to the annuity prize and all annuity payments. The prize option chosen by the winner shall be final and binding upon the winner and, if the winner fails to select one of these options (or fails to provide to WCLC or to WCLC's third party provider, the information requested to process annuity payments) within the time period specified by WCLC or by its third party provider for doing so, the winner will be deemed to have selected the single cash payment option.

WCLC will use reasonable efforts to obtain from one or more third party providers an annuity prize providing for the payment of the annuity payments. WCLC will not be liable for any acts or omissions of such third party providers (including, without limitation, total or partial non-payment). It shall be a condition to the selection of the annuity prize option that a winner of an annuity prize release and undertake to indemnify and hold harmless WCLC from any claim, loss, expense or other liability arising from the annuity prize and the associated annuity payments, including, without limitation, total or partial non-payment by the third party provider(s). If the winner refuses or fails to provide the said release and undertaking within the time period specified by WCLC for doing so, the winner will be deemed to have selected the single cash payment option.

### **3. SINGLE CASH PAYMENT**

WCLC shall award a single cash payment (or equivalent, as determined by WCLC) in lieu of the annuity prize in the event that:

- (a) a winner of an annuity prize resides outside any of the following Provinces or Territories of Canada, namely: Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories or Nunavut at the time the claim is made; or
- (b) there are joint holders of a winning ticket for an annuity prize or a winner of an annuity prize constitutes more than one person, (which includes a subscription or certificate for a group of players); or
- (c) a winner of an annuity prize or the individual otherwise entitled to receive the annuity prize is under the age of eighteen; or
- (d) a winner of an annuity prize is not an individual; or
- (e) WCLC is unable to obtain an annuity prize from an annuity provider on reasonable terms and conditions or if, in the opinion of WCLC, the awarding of the annuity prize is impractical or would otherwise lead to an unexpected result for either WCLC or the winner of an annuity prize; or

(f) WCLC is prohibited by law from paying an annuity prize to a winner.

**4. NON ASSIGNABLE**

Neither an annuity prize (or any portion thereof), nor any entitlement or payment relating to an annuity prize, may be assigned, transferred, sold, loaned, leased, rented, pledged, mortgaged or hypothecated without the written consent of WCLC. The foregoing does not apply to annuity payments, which will be governed by the terms and conditions of the annuity contract with the third party provider for the annuity prize and any applicable laws.

**5. TAX CONSIDERATION**

Neither WCLC nor its third party provider is responsible for providing financial or tax advice. However, for a game which offers annuity prizes, WCLC or its third party provider may choose to calculate the gross amount of each of the annuity payments based on the highest marginal Provincial or Territorial and Federal (Canada) income tax rate applying to the Province or Territory in which a winner resides at the time the annuity prize is claimed, to provide to a winner a net amount after payment of applicable Federal, Provincial or Territorial income tax approximately equivalent to the amount of the annuity prize offered in a particular game as at the date the annuity prize is claimed.

WCLC may, however, in its sole discretion, use any other basis which it considers fair to both WCLC and the winner. No adjustment shall be made for any future change in the applicable Provincial or Territorial or Federal income tax rates or if the winner moves to a different Province or Territory or Country.

Notwithstanding the foregoing, neither WCLC nor its third party provider is required to increase the gross amount of the annuity payments as outlined in the preceding paragraph and makes no guarantee that that the annuity prize winner will not be responsible for any additional tax payable as a direct or indirect result of the annuity payments. The annuity prize winner shall be responsible for all tax payable as a direct or indirect result of the annuity payments. WCLC shall have no obligation to deliver an annuity prize or a single cash payment in lieu of annuity payments to a winner unless the winner acknowledges that WCLC is providing no financial or tax advice to the winner and the winner releases and undertakes to indemnify and hold harmless WCLC from any claim, loss, expense or other liability arising from the annuity prize and the associated annuity payments or the single cash payment in lieu of annuity payments, including, without limitation, any tax or financial consequences, matters or issues affecting the winner in relation to the selection, non-selection or payment of the annuity prize and the associated annuity payments or the single cash payment in lieu of annuity payments.

**6. AMENDMENTS**

WCLC may from time to time amend these Game Conditions.

**7. EFFECTIVE DATE**

The Special Game Conditions Governing Annuity Prizes described herein take effect on August 10, 2006

APPROVED this 10<sup>th</sup> day of August 2006

Signed with original signature

David N. Loeb, President,

Western Canada Lottery Corporation