

Legal Statement for the Website (Longer Form)

IMPORTANT TAX AND PRIZE DISCLAIMER – GROSS-UP PRIZES

The top prize amount advertised or displayed for this scratch-off game (the top prize of \$2,000,000) is an estimated flat net amount payable directly to the winner. The top prize structure incorporates a “gross-up” amount calculated by the North Carolina Education Lottery (the “Lottery”) to cover the estimated federal and North Carolina state income tax liability on the prize, based on the highest applicable federal marginal rate and the North Carolina state income tax rate at the time of the launch of this scratch-off game. The Lottery will remit payment of these estimated taxes directly to the IRS and the North Carolina Department of Revenue in the winner’s name. As a result, the winner receives the estimated advertised flat prize amount with no tax deduction taken from the prize itself for the covered federal and North Carolina state liabilities. **NOTE:** All other prize amounts, other than the top prize advertised or displayed for this game, are gross (or pre-tax) amounts.

This gross-up of the top prize amount is an estimate only and does not constitute tax or legal advice. The gross-up of the top prize amount is based on the assumption that the winner is a resident of the state of North Carolina with no other income or special tax circumstances affecting the prize. Winners remain fully responsible for any and all additional tax obligations, including (but not limited to) taxes owed because: (i) the winner’s actual tax rate or liability differs due to other income, deductions, credits, filing status, or alternative minimum tax; (ii) the gross-up payment itself is considered additional taxable income under federal and state tax law; (iii) tax rates or laws change after the date of the launch of this scratch-off game; (iv) the winner is not a resident of North Carolina; or (v) any other federal, state, or local taxes apply that are not covered by the gross-up (such as local income taxes, gift taxes, or estate taxes). The Lottery does not guarantee that the gross-up of the top prize amount will satisfy the winner’s entire tax liability, nor does it assume any responsibility for the winner’s taxes beyond the estimated amount paid on the winner’s behalf. Winning prizes remain subject to debt setoff deduction in accordance with North Carolina law.

Federal law requires the Lottery to issue IRS Form W-2G (or equivalent) for all prizes of \$600 or more. Winners must furnish a valid Social Security Number or Taxpayer Identification Number and may be required to complete IRS Form W-9 or equivalent prior to payment. The Lottery strongly recommends that every winner consult a licensed tax professional or attorney for personalized advice regarding the tax consequences of the prize. Tax laws are complex and subject to change; the Lottery makes no warranties or representations concerning the tax treatment of any prize.

By purchasing a ticket or claiming a prize, the winner agrees to indemnify and hold the Lottery harmless from any tax liability, penalties, or interest arising from the winner’s individual tax circumstances. This disclaimer is part of the Official Rules and is binding on all players and winners.