

POWERBALL GROUP RULES

*Adopted June 6, 1996;
Last Amended June 12, 2012.*

PART I — ADMINISTRATION

PB RULE 1—DISPUTES, VOTING, ELECTIONS.

1.1 First Review. The Product Group shall have the first opportunity to informally resolve any disputes arising among Party Lotteries and Licensee Lotteries regarding the Product Group, rules, policies, or guidelines. The Selling Lottery seeking resolution of a dispute shall seek a remedy from the Product Group by filing a notice of dispute with the Product Group. Filing shall be done by certified mail, return receipt requested, addressed to the Executive Director. If the Product Group fails to resolve the dispute to the satisfaction of any party to the dispute within 60 days after receiving notice of the dispute, the aggrieved Selling Lottery may seek any other remedy authorized by the Multi-State Lottery Agreement. *Amended December 8-9, 2009*

1.2 Voting. The Product Group shall use a dual system of voting. One vote will be taken in which each Party Lottery has one vote (member vote). A second vote will be taken in which each Party Lottery has a number of votes equivalent to its proportionate percentage of the total game's sales for the one-year period immediately previous to the vote (sales vote). If a Party Lottery has less than a one year history of sales, then that Party Lottery's vote for the period without sales will be calculated using average per capita sales applied to its total population (as per the most recent U.S. Census). In no case, however, shall a Party Lottery's sales vote exceed fifteen percent of the total sales vote. Unless a different percentage is provided in these rules, the percentage of votes necessary to allow action by the Product Group shall be more than fifty percent of the votes cast pursuant to both methods of voting. All sales voting percentages shall be calculated exclusive of Licensee Lottery sales.

Amended September 9, 1998; December 8-9, 2009.

1.3 Amendment of Rules. The Product Group's Rules may be amended upon a vote of more than two-thirds of the votes cast pursuant to both methods of voting.

1.4 Quorum. The quorum necessary to hold an official meeting of the Product Group shall be representation in person or by proxy from more than fifty percent of all members. If neither the Chair or Vice-Chair can attend a scheduled meeting in person, then the meeting shall be rescheduled.

1.5 Elections. A Product Group Chair and Product Group Vice-Chair shall be elected for one-year terms to begin with the fiscal year starting July 1, 2005. The Chair shall appoint a Nominating Committee to recommend candidates to the Product Group. Nominations may also be made by motion and properly seconded.

Amended April 24, 1997. Amended May 13, 1998; Amended September 14, 2005.

[Rule 2 reserved for future use]. *Repealed June 20, 2006.*

PB RULE 3—BUDGET.

3.1 Duties of Executive Director. By April 1st of each year, the Executive Director shall prepare and submit to the Product Group Chair, a budget of the estimated expenditures of the Product Group for the fiscal year beginning July 1st, and estimate the portion of the total budget to be paid to the MUSL by each of the Party Lotteries and Licensee Lotteries in accordance with estimated sales. An acceptable method of payment shall be determined by the Product Group, subject to approval by the Board. *Amended April 24, 1997; December 12, 2001; May 4, 2005; December 8-9, 2009.*

PB RULE 4—DRAWING PROCEDURES.

The Executive Director shall establish, with Product Group approval, the drawing procedures to be followed at each drawing. The drawing procedures shall provide that a minimum of fifty-nine minutes elapse between the close of the game ticket sales and the time of the drawing for those tickets sold. All drawings shall be open to the public and shall be witnessed by an independent certified public accounting firm and other Selling Lottery officials as may be required by jurisdiction statute. Any equipment used in a drawing shall be inspected and tested by the MUSL in the presence of an independent certified public accounting firm, both before and after the drawing. All drawings, inspections, and tests shall be recorded. *Amended December 8-9, 2009*

[Rule 5 reserved for future use]

PB RULE 6—RECORDS MANAGEMENT.

6.1 Records Defined. "Records" shall mean any document, paper, photograph, or recording made or received in connection with the official business of the Product Group. Records do not include materials made or acquired for reference or exhibition purposes, or miscellaneous papers or correspondence without official significance.

6.2 Duties of Executive Director. The Executive Director shall maintain Product Group records in a secure and orderly manner.

6.3 Confidentiality. To the maximum extent practical, Product Group records shall be made available for public inspection in a reasonable and responsible manner through the Party Lotteries.

6.4 Records Retention. The Executive Director shall establish the minimum retention period for each record or class of record with Product Group approval. The Executive Director shall establish the criteria for the disposal of Product Group records.

[Rule 7 reserved for future use]

PB RULE 8—PETITION FOR ADMISSION / LOTTERY LICENSE.

8.1 Minimum ICS Standards. A Lottery seeking admission to the Product Group, or seeking a License to sell the game, shall have a fully tested internal control system which meets or exceeds the minimum standards set forth in Rule 2 (Minimum ICS Standards) before ticket sales commence. The Security and Integrity Committee shall review the internal control systems of each lottery seeking admission to the Product Group, or seeking to become a Licensee Lottery selling a game of the Product Group, for compliance with Rule 2 (Minimum ICS Standards) and shall issue a written report summarizing its findings.

8.2 Other Admission Requirements. The Product Group shall determine other admission or Licensing requirements as allowed by the Agreement.
Amended December 8-9, 2009

PB RULE 9—EXPULSION OF A PARTY LOTTERY / TERMINATION OF A LICENSEE LOTTERY

9.1 The Product Group can expel a Party Lottery of the Product Group for cause as determined in the sole discretion of the Product Group with the consent of more than two-thirds of the members pursuant to both methods of voting and the confirmation vote of the Board as set forth in section 19 of the Agreement. If the Product Group votes to expel a Party Lottery as provided in the Agreement, the Party Lottery being considered for expulsion shall be excluded from the vote in that proceeding and in the voting calculations outlined in these Rules.

9.2 The Product Group can terminate the license of a Licensee Lottery for cause as determined in the sole discretion of the Product Group with the consent of more than two-thirds of the members pursuant to both methods of voting. *Adopted December 8-9, 2009.*

RULE 10—ADVERTISING.

10.1 Unfair Advertising. No Selling Lottery may advertise, either directly or indirectly, that Powerball tickets sold in its jurisdiction offer better odds, better chances of winning, or better payoffs than Powerball tickets sold in other jurisdictions. This rule does not prohibit a Selling Lottery from offering retailer promotions or other creative promotions designed to increase the sale of Powerball tickets.

10.2 Grand Prize Estimate. No Selling Lottery may advertise an estimated Grand Prize amount which is different than the estimated Grand Prize amount provided to the Selling Lottery. *Adopted February 1, 2006; December 8-9, 2009.*

PB RULE 11—TICKET PRICE

11.1 Uniform Price. Each ticket shall be sold at retail for the price set by the Product Group.

11.2 Taxes. The ticket price set by the Product Group shall include all the applicable taxes which a Selling Lottery may be required to collect.

11.3 Discounts, Rebates, and Promotions. A Selling Lottery may offer tickets through discounts, rebates, or promotions, without Product Group approval, for a period not to exceed 90 days in any six-month period after advising all Group members of the terms and dates of the offering. A Selling Lottery may offer other discounts, rebates, or promotions as may be approved by the Product Group.

11.4 Tickets as Prizes. Nothing in this rule shall prohibit a Selling Lottery from offering tickets as a prize in any other non-MUSL game or promotion operated by the Selling Lottery after advising all Group members of the terms and dates of the offering.

11.5 Contribution to Prize Pool. Selling lotteries which offer tickets as a prize or as part of an authorized discount, promotion, or rebate shall contribute to the prize pool the full amount assessed for a ticket sold at the uniform price.

Adopted July 5, 2002; Amended August 6, 2009; December 8-9, 2009.

Comment. Rules 11.3 and 11.4 are intended to require reporting only where the price of the Powerball ticket is reduced by a promotion or is given away for free. A Selling Lottery need not report promotion which do not change the price of the ticket. Promotions which increase the “value” of a ticket or which offer other lottery games free or at a reduced price with the purchase of a Powerball ticket do not need to be reported. The intent of the rule is to advise contiguous lotteries when their players might find that they can get the same Powerball ticket at a reduced price from another lottery – not that they can get that other lottery’s games at a reduced price.

RULE 12—SALE OF TICKETS

12.1 Authorized Agents. Powerball tickets shall be sold only through agents and means authorized by a Selling Lottery.

12.2 Ticket Stock. Powerball tickets shall be sold through an authorized Selling Lottery and, other than subscription plays, shall be printed on ticket stock which meets the security requirements for ticket stock used in the Selling Lottery's other games and other requirements adopted by the MUSL Board and the Group.

12.3 MUSL Markings. All play slips used in the game shall be conspicuously marked to indicate that the slip pertains to the game and shall contain other markings as may be required by the MUSL Board and the Group.

12.4 Game Sell Out Prohibited. No Selling Lottery shall directly and knowingly sell a ticket or combination of tickets to any person or entity which would guarantee such purchaser a Grand Prize win.

12.5 Location and Method of Sales. An offer to buy and an offer to sell a Powerball ticket shall be made only at a location or only by a method which is licensed, certified, authorized, or contracted by the Selling Lottery.

Adopted February 1, 2006; December 8-9, 2009.

RULE 13—PRIZE PAYMENTS.

No Selling Lottery may pay prizes that are less than or more than the prize amounts established by the Group. The prize won cannot be indirectly increased by Selling Lottery promotions or agent promotions which have the effect of increasing the designated Powerball prize. *Adopted February 1, 2006; Amended December 8-9, 2009.*

PB RULE 14—GRAND PRIZE ACCOUNT.

14.1 Grand Prize Funds Transferred to MUSL.

14.1(a) Party Lotteries. Each Party Lottery shall transfer to the MUSL in trust an amount as determined by the Product Group to be its total proportionate share of the prize account less actual low-tier prize liability. If this results in a negative amount, the MUSL central office shall transfer funds to the Party Lottery. If a Party Lottery's share exceeds its statutorily mandated prize payout, the MUSL may adjust the transfer amounts over a period of time to permit the payment of the Party Lottery's full share in a manner complying with the Party Lottery's prize payout statute. *Adopted September 10, 1998; December 8-9, 2009.*

Comment. To implement this rule, the Board, on December 2, 1988, authorized the executive director to adjust a Party Lottery's transfer amounts as needed by permitting a Party Lottery to borrow any additional amounts needed from its Prize Reserve Account.

14.1(b) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule 14.1(a) unless a different process is approved by the Product Group. *Adopted December 8-9, 2009.*

Comment. At its meeting on December 8-9, 2009, the Group agreed to exclude the Licensed Lotteries involved in the cross-selling initiative of Powerball and Mega Millions from PB Rule 14.1(a) and such Licensee Lotteries shall transfer to the MUSL in trust an agreed-upon amount as its total proportionate share of a Grand Prize or Match 5 Bonus Prize amounts. At its meeting on June 24, 2011, the Group agreed to eliminate the Match 5 Bonus Prize beginning with the draw on January 18, 2012, ending the need for a Match 5 Bonus Prize transfer.

14.2 Grand Prize Funds Transferred to Selling Lottery. Grand Prize prize amounts held by MUSL shall be transferred to the Selling Lottery immediately after the Selling Lottery validates the prize claim and after MUSL has collected the prize pool shares from all Selling Lotteries. *Adopted September 9, 1998; Amended March 5, 2003; December 8-9, 2009; June 24, 2011 to be effective for draws beginning January 18, 2012.*

14.3 Unclaimed Grand Prizes. All funds to pay a Grand Prize, which had been collected by MUSL from a Selling Lottery and that go unclaimed shall be returned to the Selling Lotteries in proportion to sales by Selling Lotteries for the Grand Prize in question after the claiming period set by the Selling Lottery selling the winning ticket expires. *Adopted September 9, 1998; Amended July 5, 2002; March 5, 2003; December 8-9, 2009; June 24, 2011 to be effective for draws beginning January 18, 2012.*

PB RULE 15—ANNUITY CONVERSION TO CASH

Repealed July 5, 2005.

[Rules 16 through 18 reserved for future use]

PB RULE 19—FUNDS TRANSFER.

Funds shall be collected from each Party Lottery and Licensee Lottery weekly by wire transfer, electronic funds transfer, or other means acceptable to the Product Group. The amount to be transferred shall be calculated in accordance with game rules. The Product Group shall determine collection days. *Amended December 8-9, 2009.*

Comment. At its meeting on January 11, 2010, the Group determined that funds shall be collected weekly from Parties Lotteries on the Monday, or the first banking day, which is 12 days from the applicable Wednesday drawing or nine days from the applicable Saturday drawing. By agreement with the Mega Millions Lotteries, MUSL will transfer the funds to the Mega Millions Clearinghouse (Virginia Lottery) within 15 calendar days from the date of the winning draw at a Mega Millions Lottery. The Mega Millions Clearinghouse shall collect the funds from the Mega Millions Lotteries and shall transfer their jackpot prize share to MUSL within 15 calendar days of a winning draw at a MUSL Lottery. If funds are needed to pay a prize when due MUSL may borrow the funds from other accounts, after notice to the Group Officers, the Finance & Audit Committee, and the Executive Committee. The borrowed funds shall be immediately replenished upon collection of prize funds from the Party Lotteries.

[Rule 20 reserved for future use]

RULE 21—ADVANCE SALES.

Proceeds from advance sales may be held by the Party Lottery until the draw date for which the ticket applies.

Adopted February 1, 2006.

[Rules 22 through 25 reserved for future use]

PART II POWERBALL GAME RULES

Last Amended October 25, 2011 to be effective for draws beginning January 18, 2012

PB RULE 26—DEFINITIONS.

The following definitions apply to all Parts of the Rules unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Product Group. Capitalized terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement. *Amended December 8-9, 2009*

26.1 "Agent" or "retailer" means a person or entity authorized by a Selling Lottery to sell lottery tickets.

26.2 "Drawing" means the formal process of selecting winning numbers which determine the number of winners for each prize level of the game.

26.3 "Computer pick" means the random selection of two-digit numbers by the computer system which appear on a ticket and are played by a player in the game.

26.4 "Game board" or "boards" means that area of the play slip, also known as a "panel", which contains two sets of numbered squares to be marked by the player, the first set containing fifty-nine (59) squares, number one (1) through fifty-nine (59) and the second set containing thirty-five (35) squares, number one (1) through thirty-five (35).

Amended July 5, 2002; May 4, 2005; August 20, 2008; June 14, 2011 and effective for draws beginning January 18, 2012.

26.5 "Game ticket" or "ticket" means an acceptable evidence of play, which is a ticket produced by a terminal which meets the specifications defined in the rules of each Selling Lottery and Rule 31 (Ticket Validation) or is a properly and validly registered subscription play. *Amended October 5, 2004.*

26.6 "Licensee Lottery" shall mean a state lottery or lottery of a governmental unit, political subdivision or entity thereof which is not a Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball game. *Adopted December 8-9, 2009. Adopted July 5, 2002; Amended March 5, 2003;*

26.7 *Repealed June 24, 2011.*[Rule 26.7 reserved for future use.]

26.8 "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the Party Lotteries.

26.9 "MUSL Board" means the governing body of the MUSL which is comprised of the chief executive officer of each Party Lottery.

26.10 "On-Line Lottery Game" means a lottery game wherein a player selects numbers out of a larger predetermined set or sets of numbers.

26.11 "Party Lottery" or "Member Lottery" means a state lottery or lottery of a political subdivision or entity which has joined the MUSL and, in the context of these Product Group Rules, which is authorized to sell the Powerball game. Unless otherwise indicated, "Party Lottery" or "Member Lottery" does not include "Licensee Lotteries". *Amended June 20, 2006; December 8-9, 2009.*

26.12 "Play" or "bet" means the six (6) numbers, the first five (5) from a field of fifty-nine (59) numbers and the last one (1) from a field of thirty-five (35) numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

Amended July 5, 2002; May 4, 2005; August 20, 2008; June 14, 2011 and effective for draws beginning January 18, 2012.

26.13 "Product Group" means a group of lotteries which has joined together to offer a product pursuant to the terms of the Multi-State Lottery Agreement and the Group's own rules.

26.14 "Play slip" or "bet slip" means a card used in marking a player's game plays and containing one or more boards.

26.16 "Selling Lottery" shall mean a lottery authorized by the Product Group to sell Powerball tickets, including Party Lotteries and Licensee Lotteries. *Adopted December 8-9, 2009.*

26.17 "Set Prize" means all other prizes except the Grand Prize that are advertised to be paid by a single cash payment and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level.

26.18 "Terminal" means a device authorized by a Selling Lottery to function in an on-line, interactive mode with the lottery's computer system for the purpose of issuing lottery tickets and entering, receiving, and processing lottery transactions, including purchases, validating tickets, and transmitting reports. *Amended December 8-9, 2009.*

26.19 "Winning numbers" means the six (6) numbers, the first five (5) from a field of fifty-nine (59) numbers and the last one (1) from a field of thirty-five (35) numbers, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

Amended May 4, 2005; August 20, 2008; December 8-9, 2009; June 14, 2011 and effective for draws beginning January 18, 2012.

PB RULE 27—GAME DESCRIPTION.

27.1 Powerball is a five (5) out of fifty-nine (59) plus one (1) out of thirty-five (35) on-line lottery game, drawn every Wednesday and Saturday, which pays the Grand Prize, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on an annuitized pari-mutuel basis or as a cash lump sum payment of the total cash held for this prize pool on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a set cash basis. To play Powerball, a player shall select five (5) different numbers, from one (1) through fifty-nine (59) and one (1) additional number from one (1) through thirty-five (35), for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player. Tickets can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a lottery ticket, either from a terminal operated by an agent (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from an agent, the player may select a set of five numbers and one additional number by communicating the six (6) numbers to the agent, or by marking six (6) numbered squares in any one game board on a play slip and submitting the play slip to the agent or by requesting "computer pick" from the agent. The agent will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a game play. Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine. Tickets may also be purchased through a Selling Lottery

subscription system as provided in Rule 27.6. *Amended December 21, 1998, February 3, 2002; July 5, 2002; May 4, 2005; August 20, 2008; December 8-9, 2009; June 14, 2011 and effective for draws beginning January 18, 2012.*

27.2 Claims. A ticket (subject to the validation requirements set forth in Rule 31 (Ticket Validation)) shall be the only proof of a game play or plays and the submission of a winning ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected. A terminal produced paper receipt has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected. *Amended October 5, 2004; December 8-9, 2009.*

27.3 Cancellations Prohibited. A ticket may not be voided or canceled by returning the ticket to the selling agent or to the lottery, including tickets that are printed in error. No ticket which can be used to claim a prize shall be returned to the lottery for credit. Tickets accepted by retailers as returned tickets and which cannot be re-sold shall be deemed owned by the bearer thereof.

Comment. By proxy vote on July 7, 1993, the Board agreed that each Selling Lottery should check ticket numbers of returned tickets and report any returned tickets which contain a match for all of the numbers drawn to MUSL as non-winners after each draw. At its meeting on September 28, 1993, the Board reaffirmed its policy that tickets cannot be canceled. The Board also recognized that good retailer relations may require a Selling Lottery to compensate a retailer for tickets which are misprinted, illegible or, for other reason which may be acceptable to the Selling Lottery, cannot be sold by the retailer. This rule permits each Selling Lottery, at its discretion, to compensate a retailer for a returned ticket which is not eligible to win a prize at the time it is returned to the Selling Lottery. To avoid the appearance that a returned ticket is being canceled, the Selling Lottery should require that the ticket not be placed in transit until after the applicable drawing. Returned tickets are accepted only for a Selling Lottery's auditing purposes and shall have no effect on the outcome of the drawing for which they were issued or reduce the Selling Lottery's contribution to the jackpot prize pool. At its meeting on April 17, 1994, the Board agreed that tickets stolen by a retailer's hired clerk cannot be accepted by the Selling Lottery as canceled or returned tickets. Although the rule would permit a Selling Lottery to compensate a retailer for the loss from theft if a lottery wishes to assume such a loss, the tickets cannot be canceled or returned to the Selling Lottery. The tickets are owned by, and winning tickets may be claimed by the retailer.

27.4 Player Responsibility. It shall be the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. The placing of plays is done at the player's own risk through the on-line agent who is acting on behalf of the player in entering the play or plays.

27.5 Entry of Plays. Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the Selling Lottery and hand-marked by the player or by such other means approved by the Selling Lottery. Retailers shall not permit the use of facsimiles of play slips, copies of play slips, or other materials that are inserted into the terminal's play slip reader that are not printed or approved by the Selling Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the Selling Lottery. *Amended December 8-9, 2009.*

27.6 Registration of Plays. Subscription plays may be registered by the Selling Lottery at a lottery processing site which meets the requirements established by the Product Group and the Security and Integrity Committee. *Adopted October 5, 2004; December 8-9, 2009.*

PB RULE 28—PRIZE POOL

28.1 Prize Pool. The prize pool for all prize categories shall consist of fifty percent of each drawing period's sales, including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a lottery ticket, after the prize reserve accounts are funded to the amounts set by the Product Group. Any amount remaining in the prize pool at the end of this game shall be returned to all lotteries participating in the prize pool after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with jurisdiction statute. *Amended August 20, 2008; December 8-9, 2009.*

28.2(a) Prize Reserve Accounts. An amount equal to up to two percent of a Party Lottery's sales, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in one or more prize reserve accounts until the Party Lottery's share of the prize reserve account(s) reaches the amounts designated by the Product Group. Once the Party Lottery's share of the prize reserve accounts exceeds the designated amounts, the excess shall become part of the Grand Prize pool. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize reserve account(s). The Product Group may determine to expend all or a portion of the funds in the accounts for the payment of prizes or special prizes in the game; subject to the approval of the Finance and Audit Committee. The shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in a prize reserve account at the end of this game shall be returned to all lotteries participating in the reserve after the end of all claim periods of all Selling Lotteries, carried forward to a replacement prize reserve account or expended in a manner as directed by the Product Group in accordance with jurisdiction statute. *Amended December 12, 2001; August 1, 2003; August 20, 2008; December 8-9, 2009.*

Comment. On June 8, 1995, the Board determined that the Set-Aside deduction shall have priority over all other deductions. On January 13, 1998, the POWERBALL Product Group set the maximum SPRA at \$25 million. The Powerball Set Prize Reserve Account and any Powerball set prize rollover monies, to the extent they exist, may be used to fund a deficiency in Power Play multiplier prizes. Monies from the Grand Prize Pool may not be used to increase a Power Play prize. On January 7, 2009, the Product Group increased the maximum PRA balance to \$100 million.

28.2(b) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule 28.2(a) unless a different process is approved by the Product Group. *Adopted December 8-9, 2009*

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Group agreed to exclude the Licensed Lotteries from contributing to the prize reserve accounts with the agreement of the Licensed Lotteries to be responsible for the payment of their shares of all prizes won.

28.3 Expected Prize Payout Percentages. The Grand Prize shall be determined on a pari-mutuel basis. Except as otherwise mandated by jurisdiction statute, or provided for in these rules, all other prizes awarded shall be paid as set cash prizes with the following expected prize payout percentages:

Number of Matches Per Play	Prize Pool Percentage	
	Prize Payment	Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	63.9511%
All five (5) of first set and none of second set.	\$1,000,000	19.4038%
Any four (4) of first set plus one (1) of second set.	\$10,000	1.5409%
Any four (4) of first set and none of second set.	\$100	0.5239%
Any three (3) of first set plus one (1) of second set.	\$100	0.8167%
Any three (3) of first set and none of second set.	\$7	1.9437%
Any two (2) of first set plus one (1) of second set.	\$7	0.9909%
Any one (1) of first set plus one (1) of second set.	\$4	3.6097%
None of first set plus one (1) of second set.	\$4	7.2194%

Amended June 14, 2011 and July 24, 2011 and effective for draws beginning January 18, 2012

(a) The prize money allocated to the Grand Prize category shall be divided equally by the number of game boards winning the Grand Prize.

(b)(1) **Party Lotteries.** For Party Lotteries, the prize pool percentage allocated to the set prizes (the cash prizes of \$1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw. If the total of the set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes and carried forward from previous draws, if any; (ii) an amount from the set prize reserve account, if available, not to exceed forty million dollars (\$40,000,000) per drawing. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the Party Lotteries and the Licensed Lotteries shall independently determine their pari-mutuel low-tier prize amounts and the Group shall determine the amount to be paid as the prize for each low-tier prize level. *Amended January 13, 1998; May 4, 2005; December 8-9, 200; amended June 14, 2011 and October 25, 2011 to be effective for draws beginning January 18, 2012.*

(b)(2) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule 28.3(b)(1) unless a different process is approved by the Product Group. *Adopted December 8-9, 2009.*

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Group agreed to exclude the Licensed Lotteries from contributing to the prize reserve accounts with the agreement of the Licensed Lotteries to be responsible for the payment of their shares of all prizes won.

[(c) Repealed June 24, 2011, effective for draws beginning January 18, 2012.]

PB RULE 29 PROBABILITY OF WINNING. The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in Powerball. The Set Prize Amount shall be the prizes set for all states selling the game unless prohibited or limited by a jurisdiction's statute.

Number of Matches Per Ticket	Probability Distribution		Probable/Set Prize Amount
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1	1: 175,223,510.0000	Grand Prize
All five (5) of first set and none of second set	34	1: 5,153,632.6471	\$1,000,000
Any four (4) of first set plus one (1) of second set	270	1: 648,975.9630	\$10,000
Any four (4) of first set and none of second set	9,180	1: 19,087.5283	\$100
Any three (3) of first set plus one (1) of second set	14,310	1: 12,244.8295	\$100
Any three (3) of first set and none of second set	486,540	1: 360.1420	\$7
Any two (2) of first set plus one (1) of second set	248,040	1: 706.4325	\$7
Any one (1) of first set plus one (1) of second set	1,581,255	1: 110.8129	\$4
None of first set plus one (1) of second set	3,162,510	1: 55.4065	\$4
Overall	5,502,140	1: 31.8464	

Amended July 5, 2001; May 4, 2005; December 8-9, 2009; June 14, 2011 and effective for draws beginning January 18, 2012.

PB RULE 30 PRIZE PAYMENT

30.1 Grand Prizes. Grand prizes shall be paid, at the election of the player made no later than 60 days after the player becomes entitled to the prize, with either a per winner annuity or cash payment. If the payment election is not made at the time of purchase and is not made by the player within 60 days after the player becomes entitled to the prize, then the prize shall be paid as an annuity prize. An election for an annuity payment made by a player before ticket purchase or by system default or design may be changed to a cash payment at the election of the player until the expiration of 60 days after the player becomes entitled to the prize. The election to take the cash payment may be made at the time of the prize claim or within 60 days after the player becomes entitled to the prize. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize pool equally among all winners of the Grand Prize. Winner(s) who elect a cash payment shall be paid their share(s) in a single cash payment. The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize pool by the MUSL annuity factor. The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days after the winner becomes entitled to the prize. Neither MUSL nor the Selling Lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to Rule 30.5. If individual shares of the cash held to fund an annuity is less than \$250,000, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize pool. All annuitized prizes shall be paid annually in thirty (30) payments with the initial payment being made in cash, to be followed by twenty-nine (29) payments funded by the annuity. Except as may be controlled by a Selling Lottery's governing statute, all annuitized prizes shall be paid annually in thirty (30) graduated payments (increasing each year) by a rate as determined by the Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000). Annual payments after the initial payment shall be made by the lottery on the anniversary date or if such date falls on a non-business day, then the first business day following the anniversary date of the selection of the jackpot winning numbers. Funds for the initial payment of an annuitized prize or the lump sum cash prize shall be made available by MUSL for payment by the Selling Lottery no earlier than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following the drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Selling Lotteries. A paying lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL. In the event of the death of a lottery winner during the annuity payment period, the MUSL Finance & Audit Committee, in its sole discretion excepting a discretionary review by the Product Group, upon the petition of the estate of the lottery winner (the "Estate") to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning ticket, and subject to federal, state, district or territorial applicable laws, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If such a determination is made, then securities and/or cash held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate. The identification

of the securities to fund the annuitized prize shall be at the sole discretion of the Finance & Audit Committee or the Product Group. *Amended September 9, 1998, December 21, 1998, March 15, 1999, February 3, 2002; July 5, 2002; May 4, 2005; October 11, 2006; August 20, 2008; December 8-9, 2009.*

Comment. Changes made to this Rule on December 21, 1998, are intended to provide players with the advantages offered by the changes made to 26 U.S.C. §451. These rules should be interpreted in a manner that is consistent with the purposes, requirements, and restrictions of that code section. On September 9, 1998 the Product Group mandated a delay in payment to a Selling Lottery until the validation of the claim. On July 8, 2005, the Product Group set the graduated rate at 4% per year. On August 20, 2008, the Product Group authorized the use of a Party Lottery's share of MUSL non-game earnings to fund annuity payments, as may be needed, in a manner other than provided for in this rule, due to mandates of local statute.

30.2 Low-Tier Cash Prize Payments. All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash through the Selling Lottery which sold the winning ticket(s). A Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office. *Amended December 8-9, 2009*

30.3 Prizes Rounded. Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes other than the Grand Prize, which, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

30.4 Rollover. If the Grand Prize is not won in a drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize pool for the following drawing. *Amended July 5, 2002; June 24, 2011 and effective for draws beginning January 18, 2012.*

30.5 Funding of Guaranteed Prizes. The Product Group may offer guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount between drawings or make other changes in the allocation of prize money where the Product Group finds that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum increase in the Grand Prize amount between drawings is offered by the Product Group, then the Grand Prize shares shall be determined as follows. If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winners. If there are multiple Grand Prize winners during a single drawing and at least one of the Grand Prize winners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize. If no winner of the Grand Prize during a single drawing has elected the annuitized option prize, then the amount of cash in the Grand Prize pool shall be an amount equal to the guaranteed annuitized amount divided by the average annuity factor of the most recent three best quotes provided by MUSL's pre-approved qualified brokers submitting quotes. In no case, shall quotes be used which are more than two weeks old and if less than three quotes are submitted, then MUSL shall use the average of all quotes submitted. Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in these

rules. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Rule 28.3(b) becomes necessary.

Comment: At its meeting on October 25, 2011, the Group noted that a Set-Aside Account with a cap of \$7.5 million dollars is established to fund guaranteed minimum Grand Prize amounts and minimum increases between draws. The Group has determined that the minimum Grand Prize shall be \$20 million annuity and the minimum increases in the Grand Prize shall be \$5 million annuity between draws. Beginning with the \$2 game, with the first drawing planned for Wednesday, January 18, 2012, the Group has determined that the minimum Grand Prize shall be \$40 million annuity and the minimum increases in the Grand Prize shall be \$10 million annuity between draws. The Group may change guaranteed minimum Grand Prize amounts for future draws at any time.

30.6 Limited to Highest Prize Won. The holder of a winning ticket may win only one prize per board in connection with the winning numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category.

30.7 Prize Claim Period. Prize claims shall be submitted within the period set by the Selling Lottery selling the ticket. If no such claim period is established, all grand prize claims shall be made within 180 days after the drawing date.

[30.8 Repealed June 24, 2011, effective for draws beginning January 18, 2012.]

PB RULE 31—TICKET VALIDATION.

To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by a Selling Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Selling Lotteries shall not be responsible for tickets which are altered in any manner.

PB RULE 32—TICKET RESPONSIBILITY.

32.1 Signature. Until such time as a subscription play is properly and validly registered with the lottery, or until such time as a signature or, if permitted by state, district or jurisdiction statute a mark or printed name is placed upon a ticket in the area designated for signature, mark or name, a ticket shall be owned by the bearer of the ticket. When a subscription play is validly and properly registered with the lottery, or when a signature, mark or name is placed on the ticket in the place designated, the person who has registered the ticket, or if not registered, whose signature, mark or name appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in Rule 31 (Ticket Validation) and state, district or jurisdiction statute) to any prize attributable thereto. *Amended November 20, 1998; December 21, 1998; October 5, 2004.*

32.2 Multiple Signatures. The manner of payment of prizes for valid winning tickets bearing multiple signatures, marks or names shall be determined by the rules of the Selling Lottery making the prize payment. *Amended November 20, 1998.*

32.3 Stolen Tickets. The Product Group, the MUSL and the Party Lotteries shall not be responsible for lost or stolen tickets.

32.4 Subscription Plays. A receipt for a subscription play has no value and is not evidence of a play. A subscription play is valid when registered with the lottery in accordance with lottery rules and the person or, if permitted by the lottery rules, the persons registering the play shall be the owner of the subscription play. *Adopted February 1, 2006.*

PB RULE 33—INELIGIBLE PLAYERS.

33.1 A ticket or share for a MUSL game issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such ticket or share shall not be paid to:

- (a) a MUSL employee, officer, or director,
- (b) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures,
- (c) an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm, or
- (d) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a), (b), and (c) and residing in the same household.

Amended September 30, 1996.

33.2 Those persons designated by a Selling Lottery's law as ineligible to play its games shall also be ineligible to play the MUSL game in that Selling Lottery's jurisdiction.

PB RULE 34—APPLICABLE LAW.

In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased.

PART III – SPECIAL GAME RULES: POWERBALL POWER PLAY PROMOTION

Adopted January 26, 2001; Amended July 5, 2002; May 4, 2005; August 20, 2008; December 8-9, 2009; August 25, 2010; June 24, 2011; January 5, 2012 and effective for draws beginning January 18, 2012; June 12, 2012.

APPLICABILITY OF THESE RULES: The Part III Power Play Promotion Rules are applicable to all Selling Lotteries except as may be controlled by a Selling Lottery’s governing jurisdiction statute. The Product Group shall reach an agreement with such lotteries that will permit the operation of the promotion in a manner consistent with statute. *Adopted December 8-9, 2009.*

PB RULE A — PROMOTION DESCRIPTION.

The Powerball Power Play promotion is a limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. The promotion will begin at a time announced by the Selling Lottery and will continue until discontinued by the lottery. The promotion will offer to the owners of a qualifying play a chance to increase the amount of any of the eight lump sum Set Prizes (the lump sum prizes normally paying \$4 to \$1,000,000) won in a drawing held during the promotion. The Grand Prize jackpot is not a Set Prize and will not be increased. *Amended July 5, 2002; May 4, 2005; August 25, 2010; June 24, 2011 and effective for draws beginning January 18, 2012.*

PB RULE B — QUALIFYING PLAY.

A qualifying play is any single Powerball play for which the player pays an extra dollar for the Power Play option play and which is recorded at the Selling Lottery’s central computer as a qualifying play.

PB RULE C — PRIZES TO BE INCREASED.

Except as provided in these rules, a qualifying play which wins one of the eight lowest lump sum Set Prizes (excluding the Jackpot) shall be paid as follows:

Match 5+0	\$2,000,000
Match 4+1	\$40,000
Match 4+0	\$200
Match 3+1	\$200
Match 3+0	\$14
Match 2+1	\$14
Match 1+1	\$12
Match 0+1	\$12

Amended July 5, 2002; August 20, 2008; August 25, 2010; June 24, 2011 and effective for draws beginning January 18, 2012.

[Rule D Repealed June 24, 2011, effective for draws beginning January 18, 2012. Reserved for future use.]

PB RULE E — PRIZE POOL.

E(1) Prize Pool. The prize pool for all prize categories shall consist of up to forty-nine and ninety-six one-hundredths percent (49.96%) of each drawing period's sales, including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a lottery ticket, after the Powerball prize reserve accounts are funded to the amounts set by the Product Group. Any amount remaining in the prize pool at the end of this game shall be returned to all lotteries participating in the prize pool after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or expended in a manner as directed by the Product Group in accordance with jurisdiction statute. *Amended May 4, 2005; August 20, 2008; December 8-9, 2009; June 24, 2011 effective for draws beginning January 18, 2012.*

E(2) Prize Reserve Accounts. An additional four-one-hundredths of one percent (0.04%) of sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in the rollover account or in trust in one or more prize reserve accounts until the prize reserve accounts reach the amounts designated by the Product Group. *Amended June 24, 2011 effective for draws beginning January 18, 2012.*

Comment. Monies in the Power Play prize reserve account and Power Play rollover account may not be used to fund a deficiency in Powerball set prizes and may only be used to pay Power Play-related prize amounts. Amended August 20, 2008; August 25, 2010.

E(3) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule E(2) unless a different process is approved by the Product Group. *Adopted; December 8-9, 2009.*

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Group agreed to exclude the Licensee Lotteries involved in the cross-selling initiative of Powerball and Mega Millions from PB Rule E(2) and such lotteries shall be responsible for the payment of all prizes won in those jurisdictions.

E(4) Expected Prize Payout. Except as provided in these rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Powerball set prize amounts, qualifying Power Play plays will pay the amounts shown in PB Rule C. In certain rare instances, the Powerball set prize amount may be less than the amount shown. In such case, the eight lowest Power Play prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball set prize amount of \$10,000 becomes \$5,000 under the rules of the Powerball game, then a Power Play player winning that prize amount would win \$20,000.

Amended May 4, 2005; August 20, 2008; August 25, 2010; June 24, 2011 and effective for draws beginning draw January 18, 2012.

[Rule F Repealed June 24, 2011, effective for draws beginning January 18, 2012 and reserved for future use.]

PB RULE G — LIMITATIONS ON PAYMENT OF POWER PLAY PRIZES.

G(1) Prize Pool Carried Forward. For Party Lotteries, the prize pool percentage allocated to the Power Play set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw. *Amended December 8-9, 2009.*

G(2)(a) Party Lotteries - Pari-Mutuel Prizes—All Prize Amounts. For Party Lotteries, if the total of the original Powerball set prizes and the Power Play prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the set prizes (including the Power Play prize amounts) awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes and carried forward from previous draws, if any; (ii) an amount from the Powerball Set-Prize Reserve Account, if available in the account, not to exceed forty million dollars (\$40,000,000) per drawing. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including Power Play prize amounts), then the highest set prize (including the Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize, including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all set prizes levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. Powerball and Power Play prizes will be reduced by the same percentage. *Amended August 20, 2008; December 8-9, 2009; August 25, 2010; June 12, 2012..*

Comment. By action on January 7, 2009, the Group agreed to combine the Powerball and Power Play prize pools in the rare instance when the set prizes, pursuant to the rules, are paid on a pari-mutuel basis, so that the Power Play prize amounts, as provided for in the rules, will remain in effect for all prize levels. *Amended August 25, 2010.*

(G)(2)(b) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule G(2)(a) unless a different process is approved by the Product Group. *Adopted December 8-9, 2009.*

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Group agreed to exclude the Licensed Lotteries involved in the cross-selling initiative of Powerball and Mega Millions from PB Rule G(2)(a) and such lotteries shall be responsible for the payment of all prizes won in those jurisdictions.

PB RULE H – PRIZE PAYMENT

H(1) Prize Payments. All Power Play prizes shall be paid in one lump sum through the Selling Lottery that sold the winning ticket(s). A Selling Lottery may begin paying Power Play prizes after receiving authorization to pay from the MUSL central office.

H(2) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing. *Amended August 25, 2010.*