

SOUTH CAROLINA POWERBALL® GAME RULES

Last Amended June 25, 2015.

The POWERBALL® Game Rules are comprised of, and the POWERBALL® game is governed by: (1) Act 59 of 2001, as and if amended; (2) the Regulations approved by the South Carolina Education Lottery Commission (SCEL); (3) the controlling documents relating to the Powerball® game and the MUSL Association Rules; (4) the material presented in this document; (5) the Software Functional Specification (“game specifications”); and (6) any practices and/or procedures utilized by SCEL or MUSL.

The documents enumerated above are incorporated into the Game Rules by reference and are binding as if printed herein. Each document referenced shall have equal weight unless there is an ambiguity or inconsistency between or among the documents, in which case the document enumerated first shall control. As the official custodian of all documents related to this game, the copies on file with MUSL are controlling (see footnote #1, below). Amendments to these rules must be made in writing. The annotation(s) regarding adoption of or amendment to a section or specific provision refer to the date that item was approved by MUSL. The comments and annotations presented herein are incorporated as information and are not necessarily binding.

POWERBALL GROUP RULES

Adopted June 6, 1996;

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 sixty (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; November 15, 2012.

1.2 Voting. The Product Group shall use a dual system of voting. One (1) vote will be taken in which each Party Lottery has one (1) 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 (15%) 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 (50%) 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; November 15, 2012.

1.3 Amendment of Rules. These Product Group Rules may be amended upon a vote of more than two-thirds (2/3) of the votes cast pursuant to both methods of voting.

Amended November 15, 2012.

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 (50%) of all members. If neither the Chair nor Vice-Chair can attend a scheduled meeting in person, then the meeting shall be rescheduled.

Amended November 15, 2012.

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; September 14, 2005.

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 *Repealed June 20, 2006.*

PB RULE 3—BUDGET.

3.1 Duties of Executive Director. Annually or on a more frequent basis, the Executive Director shall prepare and submit to the Product Group Chair a proposed budget and fees for the Party Lotteries and Licensee Lotteries to pay the Product Group for the services it renders to them and shall be paid as a fee for services 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.

If a lottery withdraws from participation in the product group without giving proper notice of such withdrawal before approval of the group's budget, then that participating lottery shall not be entitled to a refund of its contributions to the budget.

If the Product Group terminates before the end of a fiscal year, all unspent funds shall be returned to the lotteries which contributed to the Group's budget, however Group contributions to MUSL overhead expenses shall not be refunded.

Amended April 24, 1997; December 12, 2001; May 4, 2005; December 8-9, 2009; November 15, 2012; June 5, 2014.

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 (59) minutes elapse between the close of the game play sales and the time of the drawing for those plays 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; November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

[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 that meets or exceeds the minimum standards set forth in MUSL Rule 2 (Minimum ICS Standards) before play 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.

Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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; November 15, 2012.

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 (2/3) of the members pursuant to both methods of voting in conformance with the MUSL 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 Product Group Rules.

Amended November 15, 2012; June 25, 2013.

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 (2/3) of the members pursuant to both methods of voting.

Adopted December 8-9, 2009; Amended November 15, 2012.

RULE 10—ADVERTISING.

10.1 Unfair Advertising. No Selling Lottery may advertise, either directly or indirectly, that Powerball plays sold in its jurisdiction offer better odds, better chances of winning, or better payoffs than Powerball plays 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 plays.

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

10.2 Grand Prize Estimate. No Selling Lottery may advertise an estimated or guaranteed Grand Prize amount that is different than the estimated or guaranteed Grand Prize amount provided to the Selling Lottery by the Product Group.

Adopted February 1, 2006; Amended December 8-9, 2009; November 15, 2012; December 10, 2014.

PB RULE 11—PLAY PRICE

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

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

11.3 Discounts, Rebates, and Promotions. A Selling Lottery may offer plays through discounts, rebates, or promotions, without Product Group approval, for a period not to exceed ninety (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.

Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

11.5 Contribution to Prize Pool. Selling lotteries that offer plays 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 play sold at the uniform price.

Adopted July 5, 2002; Amended August 6, 2009; December 8-9, 2009; November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. Rules 11.3 and 11.4 are intended to require reporting only where the price of the Powerball play is reduced by a promotion or is given away for free. A Selling Lottery need not report promotions that do not change the price of the play. Promotions that increase the “value” of a ticket or that 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 play 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 PLAYS

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

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

12.2 Ticket Stock. Powerball plays shall be sold through an authorized Selling Lottery and, other than ticketless transaction plays, shall be printed on ticket stock that 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 Product Group.

Amended November 15, 2012; June 25, 2013; May 22, 2015 to be effective with the October 7, 2015 drawing.

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.

Amended November 15, 2012; December 10, 2014.

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

Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Adopted February 1, 2006; Amended December 8-9, 2009; November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

RULE 13—PRIZE PAYMENTS.

No Selling Lottery may pay prizes that are less than or more than the prize amounts established by the Product Group. The prize won cannot be indirectly increased by Selling Lottery promotions or agent promotions that have the effect of increasing the designated Powerball prize. Notwithstanding the foregoing, any Selling Lottery which, due to jurisdictional law requirements, separately determines its low-tier prize amounts and does not share prize liability with other lotteries, will be exempt from this rule with respect to any low tier prize amounts.

Adopted February 1, 2006; Amended December 8-9, 2009; November 15, 2012; June 5, 2014.

Comment: Due to its jurisdictional law requirements, on November 15, 2012, the Powerball Group concluded that the California Lottery shall be exempt from this Rule with respect to any low-tier prize amounts.

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 Powerball prize pool less actual low-tier Powerball prize liability. If this results in a negative amount, the MUSL central office shall transfer funds from the appropriate prize account to the Party Lottery.

Adopted September 10, 1998; Amended December 8-9, 2009; November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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; Amended November 15, 2012.

Comment. At its meeting on December 8-9, 2009, the Product 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 Product 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 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; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

14.3 Unclaimed Grand Prizes. All funds to pay a Grand Prize, that had been collected by MUSL from a Selling Lottery and that went 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 play 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; November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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 these rules. The Product Group shall determine collection days.

Amended December 8-9, 2009; November 15, 2012.

Comment. At its meeting on January 11, 2010, the Product Group determined that funds shall be collected weekly from Parties Lotteries on the Monday, or the first banking day, that is twelve (12) days from the applicable Wednesday drawing or nine (9) days from the applicable Saturday drawing. By agreement with the Mega Millions Lotteries, MUSL will transfer the funds to the Mega Millions Lottery's Powerball Clearinghouse (currently the Virginia Lottery) within fifteen (15) calendar days from the date of the winning draw at a Mega Millions Lottery. The Mega Millions Lottery's Powerball Clearinghouse shall collect the funds from the Mega Millions Lotteries and shall transfer their Grand Prize shares to MUSL within fifteen (15) calendar days of a winning draw at a Party Lottery. If funds are needed to pay a prize when due, MUSL may borrow the funds from other accounts of this Product Group or the MUSL Operations Account, after approval of the Product 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.

Comment last modified May 22, 2015 to be effective with the October 7, 2015 drawing.

[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 play applies.

Adopted February 1, 2006. Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

[Rules 22 through 25 reserved for future use]

PART II — POWERBALL GAME RULES

Last Amended May 22, 2015 to be effective with the October 7, 2015 drawing

PB RULE 26—DEFINITIONS.

The following definitions apply to all Parts of these rules unless the context requires a different meaning or is otherwise inconsistent with the intention of these 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; November 15, 2012.

26.1 “Advertised Grand Prize” shall mean the estimated annuitized Grand Prize amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and communicated through the Selling Lotteries prior to the Grand Prize drawing. The “Advertised Grand Prize” is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount as described in Rule 30.5.

Adopted May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

26.3 A "Drawing" refers collectively to the formal draw event for randomly selecting the winning indicia that determine the number of winners for each prize level of the Powerball game and the Power Play multiplier. Winning indicia include the Winning Numbers for the Powerball game, and the Power Play multiplier.

Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.4 "Computer pick" means the random selection of indicia by the computer that appear on a ticket or ticketless transaction and are played by a player in the game.

Amended November 15, 2012; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.5 "Game board" or "boards" means that area of the Play Slip, also known as a “panel,” that contains sets of numbered squares to be marked by the player.

Amended July 5, 2002; May 4, 2005; August 20, 2008; June 14, 2011 and effective for draws beginning January 18, 2012; November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.6 "Game ticket" or "ticket" means an acceptable evidence of play, which is a ticket produced in a manner that meets the specifications defined in the rules of each Selling Lottery and Rule 31 (Ticket Validation) and is a physical representation of the play or plays sold to the player or is a properly and validly registered ticketless transaction play.

Amended October 5, 2004; November 15, 2012; June 25, 2013; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.7 “Grand Prize” shall refer to the top prize in the Powerball game.

Adopted December 10, 2014. Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

26.8 “Licensee Lottery” shall mean a state lottery or lottery of a governmental unit, political subdivision, or entity thereof that 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; Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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

26.10 “MUSL Annuity Factor” shall mean the annuity factor as determined by the MUSL central office through a method approved by the MUSL Finance and Audit Committee and which is used as described in these Rules.

Adopted May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.12 "Party Lottery" or “Member Lottery” means a state lottery or lottery of a political subdivision or entity that has joined the MUSL and, in the context of these Product Group Rules, that 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; November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.13 "Play" or "Bet" means the six (6) numbers, the first five (5) from a field of sixty-nine (69) numbers and the last one (1) from a field of twenty-six (26) numbers, that appear on a ticket or communicated in a ticketless transaction as a single lettered selection and are to be played by a player in the Powerball game.

Amended July 5, 2002; May 4, 2005; August 20, 2008; June 14, 2011 and effective for draws beginning January 18, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.14 “Product Group” or “the Group” means a group of lotteries that has joined together to offer a product pursuant to the terms of the Multi-State Lottery Agreement and the Product Group’s own rules.

Amended November 15, 2012; June 5, 2014.

26.15 "Play Slip" or "Bet Slip" means a card used in marking a player's game plays and containing one or more boards.

Amended December 10, 2014.

26.16 “Selling Lottery” shall mean a lottery authorized by the Product Group to sell Powerball plays, including Party Lotteries and Licensee Lotteries. *Adopted December 8-9, 2009. Amended May 22, 2015 to be effective with the October 7, 2015 drawing.*

26.17 "Set Prize", also referred to as “low-tier prize”, means all other prizes, except the Grand Prize, and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level.

Amended November 15, 2012; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended December 8-9, 2009; November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.19 "Ticketless Transaction" shall include plays sold through subscription, internet, or non-standard terminals.

Amended June 25, 2013

26.20 "Winning Numbers" means the indicia randomly selected during a Drawing event which shall be used to determine winning plays for the Powerball game contained on a game ticket or ticketless transaction.

Amended December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

26.21 Reserved. *Approved May 22, 2015 to be effective with the October 7, 2015 drawing.*

PB RULE 27—POWERBALL GAME DESCRIPTION.

27.1 Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) numbers lottery game drawn every Wednesday and Saturday as part of the Powerball drawing event, 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 single lump sum payment of the total funding held in the Grand Prize Pool for the winning drawing on a pari-mutuel basis. Except as provided in these rules, all other prizes are paid on a single payment basis. Powerball Winning Numbers applicable to determine Powerball prizes will be determined in the Powerball Drawing event.

To play Powerball, a player shall select (or computer pick) five (5) different numbers, from one (1) through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26). The additional number may be the same as one of the first five numbers selected by the player.

Plays 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 play. Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by the Selling Lottery and in accordance with MUSL Rules

The Drawing Procedures shall include procedures for randomly selecting the Powerball game Winning Numbers and the Power Play multiplier.

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; November 15, 2012; June 25, 2013; June 5, 2014; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

27.2 Claims. Unless otherwise permitted by a selling lottery, a ticket (subject to the validation requirements set forth in Rule 31 (Ticket Validation)) or properly registered ticketless transaction 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

play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of play purchase or of numbers selected.

Amended October 5, 2004; December 8-9, 2009; November 15, 2012; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

27.3 Cancellations Prohibited. A play may not be voided or canceled by returning the ticket or ticketless transaction to the selling agent or to the lottery, including tickets that are printed in error. A Selling Lottery may develop an approved method of compensating retailers for plays that are not transferred to a player for a reason acceptable to the Selling Lottery. No play that is eligible for a prize can be returned to the lottery for credit. Plays accepted by retailers as returned plays and that cannot be re-sold shall be deemed owned by the bearer thereof.

Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. By proxy vote on July 7, 1993, the Board agreed that after each drawing, each Selling Lottery should check ticket numbers of returned plays and report to the MUSL as non-winners any returned plays that contain a match for all of the numbers drawn. At its meeting on September 28, 1993, the Board reaffirmed its policy that plays cannot be canceled. The Board also recognized that good retailer relations may require a Selling Lottery to compensate a retailer for plays that are misprinted, illegible, or, for other reasons that 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 play that is not eligible to win a prize at the time it is returned to the Selling Lottery. To avoid the appearance that a returned play is being canceled, the Selling Lottery should require that the ticket not be placed in transit until after the applicable drawing. Returned plays 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 Grand Prize prize pool. At its meeting on April 17, 1994, the Board agreed that plays stolen by a retailer's hired clerk cannot be accepted by the Selling Lottery as canceled or returned plays. Although the rule would permit a Selling Lottery to compensate a retailer for the loss from theft if a Selling Lottery wishes to assume such a loss, the plays cannot be canceled or returned to the Selling Lottery. The plays are owned by, and winning plays may be claimed by, the retailer.

Comment last modified May 22, 2015 to be effective with the October 7, 2015 drawing.

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 or contained in a ticketless transaction. The placing of Plays is done at the player's own risk through the agent that is acting on behalf of the player in entering the Play or Plays. The purchaser of a Play or Plays through a ticketless transaction has the sole responsibility for verifying the accuracy and condition of the data at the time of purchase.

Amended November 15, 2012; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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; December 10, 2014

27.6 Registration of Plays. Ticketless transaction plays may be registered by the Selling Lottery at a lottery processing site that meets the requirements established by the Product Group and the MUSL Board.

Adopted October 5, 2004; Amended December 8-9, 2009; November 15, 2012; June 25, 2013; December 10, 2014

PB RULE 28—POWERBALL PRIZE POOL

28.1 Powerball Prize Pool. The prize pool for all prize categories shall consist of fifty percent (50%) of each drawing period's sales, inclusive of any specific statutorily mandated tax of a Selling Lottery to be included in the price of a play, after the prize pool accounts and 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 Members of the Product Group in accordance with jurisdiction statute.

Amended August 20, 2008; December 8-9, 2009; November 15, 2012; June 25, 2013; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

28.2(a) Powerball Prize Pool Accounts and Prize Reserve Accounts. An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a play, shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in one or more Powerball prize pool accounts and prize reserve accounts held by the Product Group at any time that the prize pool accounts and Party Lottery's share of the prize reserve account(s) is below the amounts designated by the Product Group.

The Product Group has established the following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason; and the Powerball Set Prize Reserve Account (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments (subject to the limitations of these rules).

The Product Group has established the following prize pool accounts for the Powerball game: the Grand Prize pool, which is used to fund the immediate Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set Prize payments; and the Powerball Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize. The Power Play Prize Pool and Power Play Pool Account are described in Part III of these rules. The Set Prize Pool holds the temporary balances that may result from having fewer than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of the Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball Set Prize liability. The source of the Set-Aside Account funding shall be the prize reserve deduction until such time as the Set-Aside Account is fully funded.

Once the Powerball prize pool accounts and the Party Lottery's share of the Powerball 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 Powerball prize pool accounts and prize reserve accounts.

The Product Group may determine to expend all or a portion of the funds in the Powerball prize pool accounts (except the Grand Prize pool account) and the prize reserve accounts, (1) for the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the Selling Lotteries, subject to the approval of the Board; and (2) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion following review and comment of the Finance and Audit Committee. The prize reserve 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.

A Party Lottery may contribute to its share of prize reserve accounts over time, but in the event of a draw down from the reserve account, a Party Lottery is responsible for its full percentage share of the account, whether or not it has been paid in full.

Any amount remaining in the Powerball prize pool accounts or prize reserve accounts when the Product Group declares the end of this game shall be returned to the lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

Amended December 12, 2001; August 1, 2003; August 20, 2008; December 8-9, 2009; November 15, 2012; May 13, 2013 to be effective October 1, 2013; June 25, 2013; June 5, 2014; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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. On October 25, 2011, the Powerball Product Group set the maximum Set-Aside Account at \$20 million and the maximum SPRA at \$40 million. On November 15, 2012, the Product Group set the maximum PRA balance at \$80 million. On May 13, 2013, the Group determined that, effective October 1, 2013, the prize reserve deduction is set to begin at two percent (2%) when the annuity Grand Prize, as determined after sales are known, exceeds \$120,000,000.00, and four percent (4%) when the annuity Grand Prize, as determined after sales are known exceeds \$250,000,000.00. Approval of the Group is required to change the deduction percentages and trigger levels.

Comment last modified May 22, 2015 to be effective with the October 7, 2015 drawing.

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 Product Group agreed to exclude the Licensed Lotteries from contributing to the prize pool accounts (other than the Grand Prize pool) and 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 Powerball Prize Payout Percentages.

(1) The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise mandated by jurisdiction statute or judicial requirements, or provided for in these rules, all other

prizes awarded shall be paid as set single payment 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 | 68.0131% |
| All five (5) of first set and none of second set. | \$1,000,000 | 8.5558% |
| Any four (4) of first set plus one (1) of second set. | \$50,000 | 5.4757% |
| Any four (4) of first set and none of second set. | \$100 | 0.2738% |
| Any three (3) of first set plus one (1) of second set. | \$100 | 0.6899% |
| Any three (3) of first set and none of second set. | \$7 | 1.2074% |
| Any two (2) of first set plus one (1) of second set. | \$7 | 0.9981% |
| Any one (1) of first set plus one (1) of second set. | \$4 | 4.3489% |
| None of first set plus one (1) of second set. | \$4 | 10.4373% |

Amended June 14, 2011 and July 24, 2011 and effective for draws beginning January 18, 2012; November 15, 2012, June 25, 2013 to be effective October 1, 2013; June 5, 2014; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment: Due to jurisdictional law requirements, on November 15, 2012, the Powerball Group concluded that the California Lottery shall separately determine the low-tier cash prize values for that jurisdiction and that it shall not participate in the Power Play multiplier.

Comment last modified December 10, 2014.

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

Amended June 25, 2013 effective October 1, 2013; December 10, 2014

(b) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize pool (for single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in the current draw.

Amended June 25, 2013; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

(c) Pari-Mutuel Powerball Prize Determinations. Except as provided for in 28.3(1)(c)(1)(c), for Party Lotteries:

Amended December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

(1)(a) If the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power Play prizes, awarded shall be drawn from the following sources, in the following order:

- (i)** the amount allocated to the Powerball Set Prizes and carried forward from previous draws, if any;
- (ii)** an amount from the SPRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing; and
- (iii)** other amounts as agreed to by the Product Group in their sole discretion.

Amended June 25, 2013 effective October 1, 2013; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

(1)(b) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded, including Power Play prizes, 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, including Power Play prizes, 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 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 Set Prizes and Power Play prizes will be reduced by the same percentage

Amended January 13, 1998; May 4, 2005; December 8-9, 2009; June 14, 2011 and October 25, 2011 to be effective for draws beginning January 18, 2012; November 15, 2012; June 25, 2013 effective October 1, 2013; June 5, 2014; December 10, 2014; December 30, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

(1)(c) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their Set Prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

Amended June 25, 2013 effective October 1, 2013; December 10, 2014.

Comment. The California Lottery is excluded from the Party Lotteries' and other Licensee Lotteries' pari-mutuel prize calculations.

(2) Licensee Lotteries. Licensee Lotteries shall adhere to PB Rule 28.3(1)(c)(1)(a) and (b) unless a different process is approved by the Product Group.

Adopted December 8-9, 2009. Amended June 25, 2013 to be effective October 1, 2013; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. The California Lottery is excluded from the Party Lotteries' and other Licensee Lotteries' pari-mutuel prize calculations. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Product Group agreed to exclude the Licensed Lotteries from contributing to the prize pool accounts (other than the Grand Prize pool) and prize reserve accounts with the agreement of the Licensed Lotteries to be responsible for the payment of their shares of all prizes won subject to the agreement noted in 28.3(1)(c)(1)(c).

Comment. Last modified May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE 29 PROBABILITY OF WINNING POWERBALL PRIZES. 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 Selling Lotteries unless prohibited or limited by a jurisdiction's statute or judicial requirements.

| Number of Matches Per Play | Probability Distribution | | Probable/Set Prize Amount |
|---|--------------------------|------------------|---------------------------|
| | Winners | Probability | |
| All five (5) of first set plus one (1) of second set | 1 1: | 292,201,338.0000 | Grand Prize |
| All five (5) of first set and none of second set | 25 1: | 11,688,053.5200 | \$1,000,000 |
| Any four (4) of first set plus one (1) of second set | 320 1: | 913,129.1813 | \$50,000 |
| Any four (4) of first set and none of second set | 8,000 1: | 36,525.1673 | \$100 |
| Any three (3) of first set plus one (1) of second set | 20,160 1: | 14,494.1140 | \$100 |
| Any three (3) of first set and none of second set | 504,000 1: | 579.7646 | \$7 |
| Any two (2) of first set plus one (1) of second set | 416,640 1: | 701.3281 | \$7 |
| Any one (1) of first set plus one (1) of second set | 3,176,880 1: | 91.9775 | \$4 |
| None of first set plus one (1) of second set | 7,624,512 1: | 38.3239 | \$4 |
| Overall | 11,750,538 1: | 24.8671 | |

Amended July 5, 2001; May 4, 2005; December 8-9, 2009; June 14, 2011 and effective for draws beginning January 18, 2012; November 15, 2012; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment: Due to jurisdictional law requirements, on November 15, 2012, the Powerball Group concluded that the California Lottery shall separately determine the low-tier cash prize values for that jurisdiction.

PB RULE 30 POWERBALL PRIZE PAYMENT

30.1 Grand Prizes. Grand Prizes shall be paid, at the election of the player made no later than sixty (60) days after the player becomes entitled to the prize, with either a per-winner annuity or single lump sum payment (which may be referred to as the “cash option”). If the payment election is not made at the time of purchase and is not made by the player within sixty (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 option payment at the election of the player until the expiration of sixty (60) days after the player becomes entitled to the prize. The election to take the cash option payment may be made at the time of the prize claim or within sixty (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 funds available in the Grand Prize pool equally among all winning plays of the Grand Prize. Winner(s) who elect a cash option payment shall be paid their share(s) in a single lump sum 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 through a process as approved by the Finance and Audit Committee. 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 Grand Prize Pool funds held to fund an annuity is less than \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of the funds held in the Grand Prize pool.

All annuitized prizes shall be paid annually in thirty (30) payments with the initial payment being made in a single payment, 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 (\$1,000.00). 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 Grand Prize Winning Numbers.

Funds for the initial payment of an annuitized prize or the lump sum cash option prize payment 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 option 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.

If a Party Lottery purchases or holds the prize payment annuity for a prize won in that jurisdiction, that Party Lottery's game rules, and any prize payment agreement with the prize winner, shall indicate that the prize winner has no recourse on the MUSL or any other Party Lottery for payment of that prize.

In the event of the death of a lottery winner during the annuity payment period, unless prohibited by jurisdictional law, 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 play, 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; November 15, 2012; June 25, 2013 to be effective October 1, 2013; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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 four percent (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. Due to its jurisdictional law, on November 15, 2012, the Powerball Group concluded that the provisions relating to acceleration of annuity payments to an estate shall not be applicable to the California Lottery. On May 22, 2015 (to be effective with the October 7, 2015 drawing), the Product Group set the graduated rate at five percent (5%) per year.

30.2 Powerball Prize Payments. All prizes (whether described as “cash” payment prizes or otherwise) shall be paid through the Selling Lottery that sold the winning play(s) and at the discretion of the Selling Lottery that sold the winning play(s) may be paid by cash, check, warrant or electronic transfer.

A Selling Lottery may begin paying low-tier prizes after receiving authorization to pay from the MUSL central office. If a Selling Lottery, due to jurisdictional law requirements, separately determines its low-tier prize amounts, it shall be solely responsible for its low-tier prize liability, and may begin paying low-tier prizes after a drawing when it determines appropriate to do so.

Amended December 8-9, 2009; November 15, 2012; June 5, 2014; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment: Due to jurisdictional law requirements, on November 15, 2012, the Powerball Group concluded that the California Lottery shall separately determine the low-tier prize values for that jurisdiction.

30.3 Powerball 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 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. Except with regards to low-tier prizes paid by a Selling Lottery which separately determines its low-tier prize amounts pursuant to Rule 30.2, breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

Amended November 15, 2012; June 5, 2014; December 10, 2014.

Comment: Due to jurisdictional law requirements, on November 15, 2012, the Powerball Group concluded that the California Lottery shall separately determine the low-tier prize values for that jurisdiction.

30.4 Powerball Prize 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; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

30.5 Funding of Guaranteed Powerball 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 winning plays. If there are multiple Grand Prize winners during a single drawing and at least one (1) 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 MUSL Annuity Factor. 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. Approval of the Group is required to change the guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount. Any reduction in the guaranteed minimum Grand Prize amount or reduction in the minimum increases to the Grand Prize amount shall not become effective until after a Grand Prize win following the action taken by the Group.

Amended November 15, 2012; June 25, 2013 to be effective October 1, 2013; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment: A Set-Aside Account with a cap of \$20 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 Product 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. 2015 to be effective with the October 7, 2015 drawing

30.6 Limited to Highest Powerball Prize Won. The holder of a winning play may win only one (1) prize per play 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.

Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

30.7 Powerball Prize Claim Period. Prize claims shall be submitted within the period set by the Selling Lottery selling the play. If no such claim period is established, all Grand Prize claims shall be made within one hundred eighty (180) days after the drawing date.

Amended November 15, 2012; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE 31—TICKET VALIDATION.

To be a valid play and eligible to receive a prize, a play's ticket or ticketless transaction shall satisfy all the requirements established by a Selling Lottery for validation of winning plays sold through its gaming 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 or ticketless transactions that are altered in any manner.

Amended November 15, 2012; June 5, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE 32—TICKET RESPONSIBILITY.

32.1 Prize Claims. Prize claim procedures shall be governed by the rules of the selling lottery. The MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the selling lottery.

Amended November 20, 1998; December 21, 1998; October 5, 2004; November 15, 2012; June 25, 2013.

32.2 Reserved.

Amended November 20, 1998; November 15, 2012; June 25, 2013.

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

32.4 Ticketless Transactions. A receipt for a ticketless transaction play has no value and is not evidence of a play. A ticketless transaction 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 ticketless transaction play.

Adopted February 1, 2006. Amended June 25, 2013; December 10, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE 33—INELIGIBLE PLAYERS.

33.1 A play 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 play 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; November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

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

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

PART III — POWERBALL POWER PLAY PROMOTION

Adopted January 26, 2001.

Last Amended May 22, 2015 and June 25, 2015 to be effective with the October 7, 2015 drawing.

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; Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment: Due to its jurisdictional law requirements, the California Lottery will not offer the Power Play promotion.

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 (8) lowest Set Prizes (the prizes normally paying four dollars (\$4.00) to one million dollars (\$1,000,000.00)) won in a drawing held during the promotion. The Grand Prize 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; November 15, 2012; June 5, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

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 that is recorded at the Selling Lottery's central computer as a qualifying play.

Amended November 15, 2012; May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE C – PRIZES TO BE INCREASED.

Except as provided in these rules, a qualifying play which wins one of seven lowest Set Prizes (excluding the Match 5+0 prize) will be multiplied by the number selected, either two, three, four, five or sometimes ten (2, 3, 4, 5 or sometimes 10), in a separate random Power Play drawing announced during the official Powerball drawing show. The ten (10X) multiplier will be available for drawings in which the initially advertised annuitized Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The announced Match 5+0 prize, for players selecting the Power Play option, shall be two million dollars (\$2,000,000.00) unless a higher limited promotional dollar amount is announced by the Group.

Amended July 5, 2002; August 20, 2008; August 25, 2010; June 24, 2011 and effective for draws beginning January 18, 2012; November 15, 2012; June 25, 2013 to be effective for the drawing on January 22, 2014; June 5, 2014; May 22, 2015 and June 25, 2015 to be effective with the October 7, 2015 drawing.

PB RULE D — POWER PLAY DRAWS.

MUSL will conduct a separate random “Power Play” drawing and announce results during each of the regular Powerball drawings held during the promotion. During each Power Play drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X) multiplier shall be available for all drawings in which the advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The Powerball Group may modify the multiplier features for special promotions from time to time.

Amended June 25, 2013 to be effective for the drawing on January 22, 2014; June 5, 2014; May 22, 2015 and June 26, 2015 to be effective with the October 7, 2015 drawing.

PB RULE E — PRIZE POOL.

E(1) Power Play Prize Pool. As per Rule E(2), fifty percent (50%) of each draw’s sales shall be collected for the payment of prizes. In drawings where the ten (10X) multiplier is available, the expected payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine thousandths percent (49.969%) 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. In drawings where the “ten (10)” multiplier is not available, the expected payout for all prize categories shall consist of up to forty-five and nine hundred thirty-four thousandths percent (45.934%) 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.

The prize payout percentage per draw may vary. The Power Play Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Power Play prizes awarded in the current draw and held in the Power Play Pool Account.

Amended May 4, 2005; August 20, 2008; December 8-9, 2009; June 24, 2011 effective for draws beginning January 18, 2012; November 15, 2012; June 25, 2013 to be effective with the drawing on January 22, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

E(2) Power Play Pool Account.

In drawings where the “ten (10)” multiplier is available, an additional thirty-one thousandths percent (0.031%) 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 trust in the Power Play pool account, for the purpose of paying Power Play prizes. In drawings where the “ten (10)” multiplier is not available, four and sixty-six thousandths percent (4.066%) 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 trust in the Power Play pool account, for the purpose of paying Power Play prizes.

Any amount remaining in the Power Play pool account when the Product Group declares the end of this game shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

Amended June 24, 2011 effective for draws beginning January 18, 2012; November 15, 2012; June 25, 2013 to be effective for the drawing on January 22, 2014; June 5, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. Monies in the Power Play pool 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.

Comment amended August 20, 2008; August 25, 2010; June 25, 2013; May 22, 2015 to be effective with the October 7, 2015 drawing.

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. Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Product 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.

| | Prize Amount | Regardless of Power Play number selected: | | | | |
|-----------|------------------|---|--------------|--------------|--------------|--------------|
| Match 5+0 | \$1,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| | Set Prize Amount | 10X | 5X | 4X | 3X | 2X |
| Match 4+1 | \$50,000.00 | \$500,000.00 | \$250,000.00 | \$200,000.00 | \$150,000.00 | \$100,000.00 |
| Match 4+0 | \$100.00 | \$1,000.00 | \$500.00 | \$400.00 | \$300.00 | \$200.00 |
| Match 3+1 | \$100.00 | \$1,000.00 | \$500.00 | \$400.00 | \$300.00 | \$200.00 |
| Match 3+0 | \$7.00 | \$70.00 | \$35.00 | \$28.00 | \$21.00 | \$14.00 |
| Match 2+ | \$4.00 | \$40.00 | \$20.00 | \$16.00 | \$12.00 | \$8.00 |
| Match 0+1 | \$4.00 | \$40.00 | \$20.00 | \$16.00 | \$12.00 | \$8.00 |

In certain rare instances, the Powerball set prize amount may be less than the amount shown. In such case, the eight (8) 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 \$50,000.00 becomes \$25,000.00 under the rules of the Powerball game and a 5x Power Play multiplier is selected, then a Power Play player winning that prize amount would win \$125,000.00.

Amended July 5, 2002, May 4, 2005; August 20, 2008; August 25, 2010; June 24, 2011 and effective for draws beginning draw January 18, 2012; November 15, 2012; June 25, 2013 to be effective with the drawing on January 22, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

PB RULE F — PROBABILITY OF WINNING.

The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball drawing, except that the Power Play amount for the Match 5+0 prize will be two million dollars (\$2,000,000). The Group may elect to run limited promotions that may modify the multiplier features.

| When the 10x multiplier is available: | | |
|--|--------------------------------------|-----------------------------|
| Power Play | Probability of Prize Increase | Chance of Occurrence |
| 10X - Prize Won Times 10 | 1 in 43 | 2.3255% |
| 5X - Prize Won Times 5 | 2 in 43 | 4.6512% |
| 4X - Prize Won Times 4 | 3 in 43 | 6.9767% |
| 3X - Prize Won Times 3 | 13 in 43 | 30.2326% |
| 2X - Prize Won Times 2 | 24 in 43 | 55.8140% |

When the 10x multiplier is not available:

| Power Play | Probability of Prize Increase | Chance of Occurrence |
|--------------------------|--------------------------------------|-----------------------------|
| 10X - Prize Won Times 10 | 0 in 42 | 0.00% |
| 5X - Prize Won Times 5 | 2 in 42 | 4.7619% |
| 4X - Prize Won Times 4 | 3 in 42 | 7.1429% |
| 3X - Prize Won Times 3 | 13 in 42 | 30.9523% |
| 2X - Prize Won Times 2 | 24 in 42 | 57.1429% |

Power Play does not apply to the Grand Prize. Except as provided in Rule E(4), a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.

Amended June 25, 2013 to be effective with the drawing on January 22, 2014; June 5, 2014; May 22, 2015 and June 25, 2015 to be effective with the October 7, 2015 drawing.

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; May 22, 2015 to be effective with the October 7, 2015 drawing.

G(2)(a) Pari-Mutuel Prizes—All Prize Amounts. Except as provided for in in (G)(2)(c), for Party Lotteries:

G(2)(a)(1) 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 (\$40,000,000.00) per drawing; and

(iii) other amounts as agreed to by the Product Group in their sole discretion.

(G)(2)(a)(2) 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; November 15, 2012; June 25, 2013 to be effective October 1, 2013; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. By action on January 7, 2009, the Product 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. Comment amended May 22, 2015 to be effective with the October 7, 2015 drawing.

(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; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. At its meeting on December 8-9, 2009, and under the terms of the Cross-Selling Agreement, the Product 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.

(G)(2)(c) By agreement with the Licensee Lotteries, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

Amended June 25, 2013 to be effective October 1, 2013; May 22, 2015 to be effective with the October 7, 2015 drawing.

Comment. The California Lottery is excluded from the Party Lotteries and other Licensee Lotteries pari-mutuel prize calculations.

PB RULE H – PRIZE PAYMENT

H(1) Prize Payments. All Power Play prizes shall be paid in one single payment 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.

Amended May 22, 2015 to be effective with the October 7, 2015 drawing.

H(2) Prizes Rounded. Prizes that, 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; November 15, 2012; June 5, 2014; May 22, 2015 to be effective with the October 7, 2015 drawing.

Part IV Repealed May 22, 2015.

**PART V — SCEL POLICY ON RETAILER CREDIT
FOR A DEFECTIVE PLAY IN POWERBALL**

I. Sales Terminal Malfunction

If a ticket does not print, is misprinted (such that it is reasonable to expect that it may not be readable for validation), illegible or mutilated, the retailer must take the following steps to obtain a credit.

1. The defective play must be confirmed immediately by producing a REPRINT ticket. A reprint must be done prior to the next transaction.
2. Any or all parts of the defective ticket must be retained for submission to SCEL.
3. Call the on-line lottery product vendor (Intralot USA [Intralot]) hotline (toll free) at 1-877-500-5202 to report the problem and obtain a Control Number to document what has occurred. If you are unable to reprint a ticket, you must call Intralot for their assistance in documenting the nature of the problem. A credit is available under these circumstances only when it is documented to the satisfaction of SCEL.
4. To obtain credit, the defective ticket must be submitted, after the applicable draw date(s), along with the REPRINT ticket and Control Number to the SCEL Finance Department, P.O. Box 11949, Columbia, SC 29211-1949.
5. After review of the material submitted, a credit may be issued to the retailer for the cost of the ticket.

II. Credit

No credit will be issued to a retailer for unsold tickets except as specified above. **A CREDIT IS NOT AVAILABLE WHEN THE ORIGINAL TICKET IS LEGIBLE OR IS THE RESULT OF A CLERK OR PLAYER ERROR. (See Rule 27.3 – Cancellation Prohibited)**

PART VI — AMENDMENTS

The SCEL Executive Director, as authorized by the Board of Commissioners, consistent with the MUSL Agreement, may, from time to time, revise or amend the POWERBALL® Game Rules.

/s/
Paula Harper Bethea, Executive Director

October 2, 2015
Date