

IOWA LOTTERY MEGA MILLIONS® GAME RULES

The following are the specific game rules for the Iowa Lottery computerized game named Mega Millions.

Authorization. These rules are authorized by, and are in compliance with, Iowa Code Chapter 99G and 531 Iowa Administrative Code Chapter 20.

Definitions. The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Mega Millions Product Group.

“Central Computer” or “Central Computer System” is a computer system designated to control, monitor, and communicate with the terminals and to record the transactions processed by the terminals.

“Computer pick” or “easy 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.

“Drawing” means that process that is used to randomly select a winning combination for the game plays.

“Drawing machine” means a computer or other device that determines the outcome of the process of selection of winning and losing tickets or shares in a lottery.

“Game” shall mean any computerized game conducted by the Lottery.

“Game board” or “boards” means that area of the play slip, also known as a “panel” or “board”, which contains two sets of numbered squares to be marked by the player, the first set containing fifty-six (56) squares, number one (1) through fifty-six (56) and the second set containing forty-six (46) squares, number one (1) through forty-six (46).

“Game ticket” or “ticket” means a ticket produced by a terminal or manufacturing process that is the tangible evidence to prove participation in a game.

“Jackpot” or “Grand Prize” means the top prize of the Mega Millions game.

“Lotto terminal” means a machine that prints and dispenses tickets or shares that will be determined to be winning or losing tickets or shares either by a predetermined pool drawing machine or by a drawing machine at some time subsequent to the dispensing of the tickets or shares.

“Mega Millions Lottery or Lotteries” means those lotteries, which have joined under the Mega Millions Lottery Agreement; the group of lotteries that has reached a Cross-Selling Agreement with the MUSL Product Group for the selling of the Mega Millions Game.

“Mega Millions Product Group” means the group of lotteries which has joined together to offer the Mega Millions lottery game product pursuant to the terms of its Cross-Selling Agreement with the Mega Millions Lotteries, the Multi-State Lottery Agreement and the Group’s own rules.

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

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

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

“Pari-mutuel” means that the prize pool will be shared among all those who won at that prize level.

“Participating Lottery” or “Selling Lottery” means a state lottery or lottery of a political subdivision or entity which is participating in selling the Mega Millions game and which may be a member of either group.

"Party lottery" means a state lottery or lottery of a political subdivision or entity which has joined MUSL and, in the context of these specific game rules, which has joined in selling the games offered by the MUSL Mega Millions Product Group.

"Play" or "game play" means the six (6) numbers, the first five (5) from a field of fifty-six (56) numbers and the last one (1) from a field of forty-six (46) numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

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

“Retailer” means the person or entity licensed by the Iowa Lottery to sell game plays or tickets.

“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.

“Specific game rules” means the rules promulgated by the Lottery pursuant to Iowa Code section 99G.9(4) and 531 Iowa Administrative Code Chapter 20 that contain the features of a particular computerized game or promotion.

“Terminal” means a device that is authorized by the Lottery to function with a central computer system for the purpose of issuing, entering, receiving, and processing lottery transactions.

"Winning numbers" means the six (6) numbers, the first five (5) from a field of fifty-six (56) numbers and the last one (1) from a field of forty-six (46) numbers, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

Game Description and Method of Play. The Mega Millions lottery game is a five (5) out of fifty-six (56) plus (1) out of forty-six (46) on-line lottery game which pays the grand prize, at the election of the player, 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. The match 5 + 0 Megaplier prize is paid as a cash prize or on a pari-mutuel basis. Except for the Grand Prize, or as provided in these rules, all other prizes are paid on a set cash basis. To play Mega Millions, a player shall select five (5) different numbers, from one (1) through fifty-six (56) and one (1) additional number from one (1) through forty-six (46), for input into a terminal. The additional number may be the same as one (1) of the first five (5) numbers selected by the player. Tickets can be purchased from a terminal operated by a retailer. The player may select a set of five (5) numbers and one (1) additional number by communicating the six (6) numbers to the retailer, or by marking the numbered squares in any one (1) game panel on a play slip and submitting the play slip to the retailer or by requesting an “easy pick” from the retailer. 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 Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the Lottery. The Lottery may also at its discretion, offer a promotion known as the Megaplier®. As noted below, the player may also elect the Megaplier when it is available. The retailer will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a game play.

Megaplier Option. The Megaplier option is an add-on to the current Mega Millions 5/56 + 1/46 game. Players who elect to pay an extra one-dollar (\$1.00) per Mega Millions play will have the opportunity to multiply the set prizes (all prizes except the jackpot prize and the match 5 + 0 Megaplier prize) by a number (a multiplier) that is randomly selected at draw time. Before each Mega Millions drawing a single number two, three, or four (2, 3, or 4) shall be drawn. The Iowa Lottery may change one or more of these multiplier numbers and/or the Match 5 + 0 Megaplier prize amount for special promotions from time to time. In the event the multiplier drawing does not occur prior to the Mega Millions drawing, the multiplier number will be a 4 (four), which shall solely be determined by the lottery authorized to conduct the “Megaplier” drawing. Players who pay the extra one-dollar (\$1.00) and who win any set prize, except the Grand Prize and the match 5 + 0 Megaplier prize, will receive an amount equal to the set prize multiplied by the multiplier number selected at the drawing. A qualifying play is any single Mega Millions play for which the player pays an extra dollar (\$1.00) for the Megaplier play option and which is recorded at the Iowa Lottery’s central computer as a qualifying play. The announced 5 + 0 prize for players selecting the Megaplier option, shall be \$1,000,000 unless a higher limited promotional amount is announced by the Group or unless a lower dollar amount is announced by the Group under its limitation of liability rules. The \$1,000,000 payment occurs as long as the prize pool is adequate and the prize does not have to be paid on a pari-mutuel basis. The Grand Prize is not a set prize and will not be multiplied or increased by means of the Megaplier promotion.

Claims. A ticket (subject to the validation requirements) shall be the only proof of a game play or plays and the submission of a winning ticket to the Iowa Lottery or an authorized retailer 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.

The Player agrees, as its sole and exclusive remedy that claims arising out of a Mega Millions ticket can only be pursued against the Party Lottery of ticket purchase and litigation only maintained within the state where the ticket was purchased and only against the Party Lottery that issued the ticket.

Cancellations Prohibited. A ticket may not be voided or cancelled by returning the ticket to the selling retailer 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 a retailer, as returned tickets, which cannot be re-sold, shall be deemed owned by the bearer thereof.

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 retailer who is acting on behalf of the player in entering the play or plays.

Prizes & Odds.

1. The following table sets forth the odds of winning in each category, the prize amount in each prize category and the percentage of the total prize pool allocated to each category.
2. The jackpot or grand prize shall be determined on a pari-mutuel basis. If winners at non-jackpot prize levels exceed the available prize fund, prizes may be paid on a pari-mutuel basis

and be lower than set prize levels. This includes winners at the Match 5 with Megaplier Play level. The Mega Millions Lotteries may set a minimum guaranteed annuity Grand Prize amount, which shall be advertised by the selling lotteries as the starting guaranteed annuity grand prize amount.

| <u>Prize Pool</u> | | | |
|--|------------------|--------------------------------------|--|
| Number of Matches Prize Pool Per Play | Odds | Probable Set Prize Amount | Percentage Allocated to Prize |
| All five (5) of first set plus One (1) of second set | 1:175,711,536.00 | Jackpot | 63.60% |
| All five (5) of first set and none of second set | 1:3,904,700.80 | \$250,000 | 12.80% |
| Any four (4) of first set plus One (1) of second set | 1:689,064.85 | \$10,000 | 2.90% |
| Any four (4) of first set and None of second set | 1:15,312.55 | \$150 | 1.96% |
| Any three (3) of first set plus One (1) of second set | 1:13,781.30 | \$150 | 2.18% |
| Any two (2) of first set plus One (1) of second set | 1:843.75 | \$10 | 2.38% |
| Any three (3) of first set and None of second set | 1:306.25 | \$7 | 4.58% |
| Any one (1) of first set plus One (1) of second set | 1:140.63 | \$3 | 4.26% |
| None of first set plus One (1) of second set | 1:74.80 | \$2 | 5.34% |

Overall odds are 1 in 39.89.

3. If the player has elected the Megaplier option, the winning matches and the probabilities for matching the numbers drawn stay the same. The following table sets forth the amounts paid to set prize winners for the multiplier numbers drawn:

Prize Payout with Megaplier Option

| Prize Levels | Standard | With Megaplier, Regardless of the Multiplier | | |
|--|-----------|--|-------------|-------------|
| Match 5+0 | \$250,000 | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| Prize Levels with Megaplier and Multiplier | | 4X | 3X | 2X |
| Match 4+1 | \$10,000 | \$40,000 | \$30,000 | \$20,000 |
| Match 4+0 | \$150 | \$600 | \$450 | \$300 |
| Match 3+1 | \$150 | \$600 | \$450 | \$300 |
| Match 2+1 | \$10 | \$40 | \$30 | \$20 |
| Match 3+0 | \$7 | \$28 | \$21 | \$14 |
| Match 1+1 | \$3 | \$12 | \$9 | \$6 |
| Match 0+1 | \$2 | \$8 | \$6 | \$4 |

In certain rare instances, the Mega Millions set prize amount may be less than the amount shown.

MULTIPLIER NUMBERS DO NOT APPLY TO THE MEGA MILLIONS GRAND PRIZE OR THE MATCH 5 + 0 PRIZE

4. Probability of Winning. The following table sets forth the probability of the various Megaplier numbers being drawn during a single Mega Millions drawing. The Group may elect to run limited promotions that may increase the multiplier numbers.

| Megaplier | Probability of Prize Increase |
|------------------------|-------------------------------|
| 4X - Prize Won Times 4 | 12 in 21 |
| 3X - Prize Won Times 3 | 7 in 21 |
| 2X - Prize Won Times 2 | 2 in 21 |

Multiplier numbers do not apply to the Mega Millions Grand Prize or to the Match 5 + 0 Prize.

5. The prize pool is estimated to be fifty-five percent (55%) of Mega Millions sales, but may be higher or lower based upon the number of winners at each guaranteed prize level, as well as the funding required to meet the official advertised jackpot (including the Megaplier prize amounts). The official advertised Mega Millions grand prize annuity amount and the match 5 + 0 prize are subject to change based on sales forecasts and/or actual sales. For any drawing, if prize liability exceeds the lesser of 300 percent (300%) of Mega Millions sales or 50 percent (50%) of Mega Millions draw sales plus \$50,000,000 (fifty million dollars), then these set prizes (including the Megaplier prize amounts) become pari-mutuel. The Mega Millions and Megaplier prize pools shall be combined in the rare instance when the set prizes, pursuant to the rules, are paid on a pari-mutuel basis, so that the multipliers, as provided for in the rules, will remain in effect for all applicable prize levels. The Match 5 + 0 prizes may be reduced as announced by the Mega Millions Product Group. The Match 5+0 prize with the Megaplier option, which normally pays \$1 million, will be reduced by the same percentage as the Match 5+0 \$250,000 prize is reduced.

6. Jackpot 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 a cash payment, less any applicable federal and state tax withholdings or offsets. If the payment election 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. The election to take the cash payment may be made 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. If the jackpot is a guaranteed amount, then the amount of the cash payment shall be determined by dividing the official advertised jackpot amount by the annuity factor obtained through the Mega Millions Product Group formal quote process. If an annuity has a cash value of less than \$250,000.00, the Mega Millions Product Group, in its sole discretion, may elect to pay the cash value of the annuity. All prizes paid by annuities shall be paid in twenty-six (26) annual payments with the initial payment being made by check, to be followed by twenty-five (25) payments funded by the annuity. Except as may be controlled by a member's governing statute, the amount of each payment shall be determined in accordance with Mega Millions Product Group's established annuity payment policies and/or rules. The initial payment of an annuitized prize shall be made by the lottery as soon as reasonably possible following the drawing. Annual payments after the initial payment shall be made by the lottery on or about the anniversary date or if such date falls on a non-business day, then on or about the first business day following the anniversary date of the selection of the jackpot winning numbers.

7. All prizes, other than jackpot prizes, shall be paid in cash or by check. Prizes may be paid after receiving authorization to pay from the Mega Millions Product Group central office.

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

9. If the jackpot prize is not won in a drawing, the prize money allocated for the jackpot prize shall roll over and be added to the jackpot prize pool for the following drawing.

10. An amount up to five percent (5%) of a Lottery's sales, shall be added to a Lottery's Grand Prize Pool contribution and placed in trust in one or more prize reserve accounts held by the Mega Millions Product Group at any time that the Lottery's share of the prize reserve account(s) is below the amounts designated by the Mega Millions Product Group. The shares of a Lottery may be adjusted with refunds to the Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Lotteries. Any amount remaining in a prize reserve account at the end of this game shall be carried forward to a replacement prize reserve account or expended in a manner as directed by the Mega Millions Product Group.

11. The prize money allocated to the jackpot prize category shall be divided equally by the number of game plays winning the jackpot prize.

12. The prize pool percentage allocated to the set cash prizes shall be carried forward to the subsequent draws if all or a portion of it is not needed to pay the set cash prizes awarded in the current draw.

13. If the total of set cash prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prize levels, then the amount needed to fund all set cash prizes awarded shall be drawn from the following sources in the following order: (a) the amount allocated to the set cash prizes and carried forward from previous draws, if any; (b) an amount from the set prize reserve account. If, after these sources are depleted, there are not sufficient funds to pay the set cash prizes awarded, then the set prizes shall become 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 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. When the promotion is available, Megaplier Option prizes shall be a factor of the new amounts.

14. The Mega Millions Product Group may offer guaranteed minimum jackpot prize amounts or minimum increase in the jackpot prize amount between drawings or make other changes in the allocation of prize money where the MUSL Board finds that it would be in the best interest of the game. Changes in the allocation of prize money shall be designated 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 these rules becomes necessary.

15. The Lottery may delay payment of any prize pending a final determination by the CEO under any of the following circumstances:

- A. If a dispute occurs or it appears likely that a dispute may occur regarding the prize;
- B. If there is any question regarding the identity or statutory eligibility of the claimant;
- C. If there is any question regarding the validity of the ticket presented for payment; or
- D. If the claim is subject to any offset for delinquent debts owed by the claimant under Iowa statutes.

No interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

Price. A game play in the Mega Millions lottery game shall sell for \$1.00. When offered, the Megaplier Option shall sell for an additional \$1.00 per game play.

Ticket Validation Requirements. All standard tests for validation must be met including, but not limited to, confidential specifications.

Claim Period. All prizes must be claimed as directed within 365 calendar days of the drawing in which the prize was won. For purposes of determining the claim period, the first (draw) day

shall be excluded, and the last day included. In the event the last day falls on a Saturday, a Sunday, a legal holiday or any day appointed or recommended by the Governor of Iowa or the President of the United States as a day of fasting or thanksgiving, the time to claim shall be extended to close of business on the next day thereafter when Lottery offices are open for business. Any prize not claimed within the specified period shall be forfeited.

Multi-draw Plays. Multi-draw plays may be available for up to 10 consecutive drawings.

Ineligible Players. Members of the Iowa Lottery Authority Board of Directors, Iowa Lottery Authority employees and their immediate families, as defined by statute, are not eligible to purchase a ticket or share of the Mega Millions game in any lottery jurisdiction. Further, officers, employees, agents, or subcontractors of any vendor who have access to confidential information, which may compromise the integrity of the Lottery, and their immediate families, as defined by statute are not eligible.

No person under the age of 21 shall be eligible to purchase a ticket.

Drawings. Two drawings shall be held each week. Drawings shall be held each Tuesday and each Friday. Tickets are valid for only the draw date(s) shown on the ticket.

Governing Law. In purchasing a ticket, the player agrees to comply with and abide by the Lottery's statutes, administrative rules, the MUSL Mega Millions Product Group rules and these specific game rules for the Mega Millions game.