

RULE 14.C MEGA MILLIONS® GAME RULES

BASIS AND PURPOSE OF RULE 14.C

The purpose of Rule 14.C is to provide specific game details, instructions and requirements for the Multi-state Jackpot Game “Mega Millions®” such as sale of Tickets, payment of Prizes, and method for selecting and Validating winning Tickets. The statutory bases for Rule 14.C are C.R.S. 44-40-101, 44-40104, 44-40-105, 44-40-109 (1) (a) and (2), 44-40-113 and 44-40-114.

14.C. 1 General Provisions

The Multi-state Jackpot Game known as “Mega Millions®” shall be conducted pursuant to the following Rules and Regulations and such further instructions and directives as the Director and Commission may issue. If a conflict arises between another provision of the Lottery Rules and Regulations and this Rule 14.C, Rule 14.C shall apply. If a conflict arises between this Rule 14.C and the “Mega Millions®” Official Game Rule provided by the Mega Millions® Product Group, the “Mega Millions®” Official Game Rule shall apply.

The Mega Millions® Product Group consists of 12 Party Lotteries and the Multi-state Lottery Association (MUSL) as representation for participating MUSL Party Lotteries.

14.C.2 Definitions

In addition to the definitions provided in Rule 1.1 and Rule 14.2 the following definitions apply to this Rule 14.C:

- A. “Board” means that area of the Play Slip that contains sets of numbered squares to be marked by the Player.
- B. “Grand Prize” or “Jackpot” means a pari-mutuel Prize that is advertised to be paid with per-winner annuities or as a lump sum cash payment, unless otherwise specified by the Lottery.
- C. “MUSL Board” means the governing body of the Multi-state Lottery Association Mega Millions® Product Group, which is comprised of the chief executive officer of each Party Lottery.
- D. “Number” means any Play integer from one (1) through seventy (70) inclusive.
- E. “Play” means the six (6) numbers, the first five (5) from a field of seventy (70) numbers and at least one (1) from a field of twenty-four (24) numbers, that appear on a Ticket or Ticketless transaction as a single lettered selection and are to be played by a Player in the game.
- F. “Prize Pool” means a defined percentage of sales as specified in this Rule.
- G. “Set Prize Pool” means an account held by MUSL that holds the temporary balances transferred to MUSL from Party Lotteries, which results from having fewer-than-expected Prize Winners in the Set Prize Categories. This money is paid out to Party Lotteries in subsequent Drawings that have more Prize Winners than are statistically expected in the Set Prize Categories.
- H. The “Multiplier” is a unique number that is automatically selected by computer software. The “Multiplier” increases non Jackpot Prizes by two times, three times, four times, or ten times the Prize won.

14.C.3 Price of “Mega Millions®” Ticket

The price of each “Mega Millions®” Play shall be Five Dollars (\$5.00).

14.C.4 Play for “Mega Millions®”

- A. A “Mega Millions®” Player must select six (6) Numbers in each play; five (5) Numbers out of seventy (70) plus one (1) out of twenty-four (24). A winning Play is achieved only when the following combinations of Numbers selected match, in any order, the five (5) plus one (1) Winning Numbers drawn. Those combinations are 5+1, 5+0, 4+1, 4+0, 3+1, 3+0, 2+1, 1+1 and 0+1.
- B. Each Mega Millions® Play will include a Multiplier, which is a unique number (2X, 3X, 4X, 5X, 10X) that is automatically selected by computer software and printed directly on a Mega Millions® Ticket. The Multiplier increases non-Jackpot Prizes by two times, three times, four times, five times, or ten times the Prize won.
- C. The Player can use Play Slips, as described in section 14.C.8., to make Number selections. The Gaming Terminal reads the Play Slip and issues a Ticket with corresponding Play(s). If a Play Slip is not available, the Retailer may enter the selected Numbers via the keyboard. If offered by the Lottery, a Player may leave all or a portion of his/her Play selections to a random number generator operated by the Gaming Terminal, commonly referred to as a Quick Pick or partial Quick Pick.
- D. Players who win the Second through Ninth set Prize (any Prize except the Grand Prize) will receive an amount equal to the base Prize multiplied by the “MULTIPLIER®” number generated at the time of Purchase. See the Prize Pool table provided in section 14C.5.B for Prizes won if the set Prizes are not pari-mutuel as defined in Paragraph 14.C.5.C.2 of Rule 14.C.

14.C.5 Prizes for “Mega Millions®”

- A. Odds of winning a Prize are displayed in the table below:

| MATCHING COMBINATIONS | PRIZE CATEGORY | ODDS OF WINNING (ONE PLAY) |
|---|----------------|----------------------------|
| All five (5) of first set plus one (1) of second set | Grand Prize | 1:290,472,336 |
| All five (5) of first set plus none of second set | Second Prize | 1:12,629,232 |
| Any four (4) of first set, but not five, plus one (1) of second set | Third Prize | 1:893,761 |
| Any four (4) of first set, but not five, plus none of second set | Fourth Prize | 1:38,859 |

| MATCHING COMBINATIONS | PRIZE CATEGORY | ODDS OF WINNING (ONE PLAY) |
|--|----------------|----------------------------|
| Any three (3) of first set, but not four or five, plus one (1) of second set | Fifth Prize | 1:13,965 |
| Any three (3) of first set, but not four or five, plus none of second set | Sixth Prize | 1:607 |
| Any two (2) of first set, but not three, four or five, plus one (1) of second set | Seventh Prize | 1:665 |
| Any one (1) of first set, but not two, three, four or five, plus one (1) of second set | Eighth Prize | 1:86 |
| None of first set plus one (1) of second set | Ninth Prize | 1:35 |
| Overall odds of winning any Prize | | 1:23.07 |

B. Multiplier Frequency Table

| Multiplier | Frequency | Odds |
|------------|-----------|---------------------------------|
| 10 | 1 | 32.00 |
| 5 | 2 | 16.00 |
| 4 | 4 | 8.00 |
| 3 | 10 | 3.20 |
| 2 | 15 | 2.13 |
| | | |
| | 32 | 3.00 (Average Multiplier Value) |

- C. The Prize Pool contribution for all Prize Categories shall consist of up to fifty-five percent (55%) of each Drawing period sales, inclusive of contributions to the Prize Pool accounts and Prize Reserve Accounts (PRA). An amount up to five percent (5%) of a Party Lottery's sales shall be added to a Party Lottery's Mega Millions® Prize Pool contribution and placed in trust in one or more Prize pool and PRA held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group.
- D. Players who win the Second through Ninth set Prize (any Prize except the Jackpot Prize) will receive an amount equal to the base Prize multiplied by the "Multiplier®" number generated at the time of Purchase. See the table below for Prizes won if the set Prizes are not pari-mutuel as defined in Paragraph 14.C.5.E.2.

| Prize Category | Base Prize | Range of Prize Win | Average Prize | Percent of Payout | Percent of Sales |
|----------------|-------------------|--------------------|---------------|-------------------|------------------|
| Grand Prize | Announced Jackpot | Jackpot ~ \$803M | Same | 55.26*% | 27.63% |
| Second Prize | \$1,000,000 | \$2M - \$10M | \$3M | 9.50% | 4.75% |
| Third Prize | \$10,000 | \$20k - \$100k | \$30,000 | 1.34% | 0.67% |
| Fourth Prize | \$500 | \$1k - \$5k | \$1,500 | 1.54% | 0.77% |
| Fifth Prize | \$200 | \$400 - \$2k | \$600 | 1.72% | 0.86% |
| Sixth Prize | \$10 | \$20 - \$100 | \$30 | 1.98% | 0.99% |
| Seventh Prize | \$10 | \$20 - \$100 | \$30 | 1.80% | 0.90% |
| Eighth Prize | \$7 | \$14 - \$70 | \$21 | 9.79% | 4.89% |
| Ninth Prize | \$5 | \$10 - \$50 | \$15 | 17.06% | 8.53% |
| TOTAL | | | | 100.00% | 50.00% |

- E. Prize Categories - The Grand Prize shall be determined on a pari-mutuel basis. All other Prizes awarded shall be paid as Set Prizes based on Multiplier and base Prize amount with the foregoing expected Prize payout percentages:
1. The Grand Prize shall be divided equally by the number of Game Plays matching all five (5) of the first set plus one (1) of the second set.
 2. If the total of the original Mega Millions® Set Prizes and the Multiplier Prize Amounts 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 Multiplier Prize Amounts) awarded can be drawn from the Prize Pool Accounts and PRA or become parimutuel Prizes as determined by the Product Group.
- F. If the set Prizes are pari-mutuel as defined in Paragraph 14.C.5.C.2 of Rule 14.C, the amount of the pari-mutuel set Prize will be multiplied by the “MULTIPLIER®” randomly assigned and printed next to the play on the Ticket at the time of Purchase

14.C.6 Payment of Prizes

- A. Grand Prizes shall be paid at the election of the Ticket Holder either by a single cash payment or in a series of annuity payments. The Ticket Holder becomes entitled to the Prize at the time the Prize is Validated as a Prize Winner. The election to take the cash payment or annuity payments may be made at the time the Prize is Validated or within 60 days after the Ticket Holder becomes entitled to the Prize. If no election is made within 60 days after the Ticket Holder becomes entitled to the Prize, the Prize shall be paid as an annuity. The election is final and cannot be revoked, withdrawn or otherwise changed.
1. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize Pool equally among all boards matching all five (5) of the first set plus one (1) of the second set of drawn Numbers. Winner(s) who elect a cash payment shall be paid their Share(s) in a single cash payment.
 - a. The Product Group may, but is not required to, offer guaranteed minimum Grand Prize Amounts or minimum increases in the Grand Prize Amount between Drawings. The Product Group may 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.
 - b. The cash option Prize shall be determined by dividing the Grand Prize amount that would be paid over thirty (30) annual installments by a rate established by the Mega Millions® Finance Committee prior to each Drawing divided by the number of total jackpot winners.

2. All annuitized Prizes shall be paid annually in thirty (30) graduated payments.
 3. Funds for the initial payment of an annuitized Prize or the lump sum cash Prize shall be made available by MUSL for payment by the Lottery no earlier than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following the Drawing. If necessary, when the due date for the payment of a Prize occurs before the receipt of funds in the Prize Pool trust sufficient to pay the Prize, the transfer of funds for the payment of the full lump sum cash amount may be delayed pending receipt of funds from the Party Lotteries. The Lottery may elect to make the initial payment from its own funds after Validation, with notice to MUSL.
 4. In the event of the death of a Lottery Prize Winner during the annuity payment period, the Product Group, in its sole discretion, upon the petition of the estate of the Lottery Prize Winner (the "Estate") to the Lottery, and subject to federal, state, or district applicable laws, may accelerate the payment of all of the remaining Lottery proceeds to the Estate. If the Product Group makes such a determination, then securities and/or cash held to fund the deceased Lottery Prize 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 Product Group.
- B. The Director's decision with respect to the Validation and payment of Set Prizes, whether during a "Mega Millions®" game or any Drawing related thereto, shall be final and binding upon all participants in the Lottery.
- C. All Set Prizes (excluding the Grand Prize) shall be paid by the Lottery. The Lottery may begin paying Set Prizes after receiving authorization to pay from the MUSL Central Office. All liability for a "Mega Millions®" Prize is discharged upon payment of a Prize claim.
- D. Annuitized payments of the Grand Prize or a Share of the Grand Prize may be rounded to facilitate the Purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the Prize Winner(s).
- E. Set Prizes, which, under these rules, may become pari-mutuel Prizes, may be rounded down so that Prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these Prizes shall be carried forward to the Prize Pool for the next Drawing.
- F. 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.

14.C.7 Drawings

- A. There shall be two (2) “Mega Millions®” Drawings each week on Tuesday and Friday evenings, unless the Drawing schedule is changed by the MUSL Board. In the event of an act of Force Majeure, the Drawing shall be rescheduled at the discretion of the MUSL Board.
- B. Each Drawing shall determine, at random, six (6) winning Numbers in accordance with Drawing Procedures. Any Numbers drawn are not declared the Winning Combination until the Drawing is certified by MUSL in accordance with the “Mega Millions®” Drawing Procedure. The Winning Combination shall be used in determining all “Mega Millions®” Prize Winners for that Drawing. If a Drawing is not certified, another Drawing will be conducted to determine certified Prize Winners.
- C. Each Drawing shall be witnessed by an independent auditor as required in C.R.S. 44-40-109(2)(d). All Drawing equipment used shall be examined prior to and immediately after a Drawing. All Drawings, inspections, and tests shall be recorded on videotape.
- D. The Drawing shall not be invalidated because the Numbers drawn creating create an excessive Prize liability for the Lottery. E. The Drawing Procedures shall provide that a minimum of fifty-nine (59) minutes elapse between the close of the game Ticket sales and the time of the Drawing for those Tickets sold.
- F. All Drawings shall be open to the public.

14.C.8 Sale of Tickets

- A. “Mega Millions®” Tickets may be Purchased from a Retailer authorized to Sell Multi-state Jackpot Tickets or directly from the Lottery.
- B. “Mega Millions®” Tickets shall show, at a minimum, the Player’s selection of Numbers, the number of Plays, the Drawing date, Random Multiplier (2X, 3X, 4X, 5X, 10X), and Validation Numbers.
- C. Plays may be entered manually using the Gaming Terminal keypad or by means of a Play Slip provided by the Lottery. Facsimiles of Play Slips, copies of Play Slips, or other materials which are inserted into the Gaming Terminal’ Play Slip reader and which are not printed or approved by the Lottery shall not be used to enter a Play. No device shall be connected to a Gaming Terminal to enter Plays, except as may be approved by the Lottery. Unapproved Play Slips or other devices may be seized by the Lottery.
 - 1. All Plays shall be marked on the Play Slip by hand. No machine-printed Play Slips shall be used to enter Plays. Machine-printed Play Slips may be seized by the Lottery.

- D. “Mega Millions®” Tickets may not be cancelled.
1. If the “Mega Millions®” game is cancelled by the Product Group prior to the occurrence of all Drawings for which Plays have been sold, the Lottery may provide a refund mechanism for such Plays to the Players, and the Lottery shall not be required to remit its Prize Pool contributions for any such refunded Plays.

14.C.9 Advance Play

Advance Play provides the opportunity to Purchase “Mega Millions®” Tickets for more than one (1) consecutive Drawing. Advance Play Tickets shall be available for Purchase in variable increments. The Advance Play feature shall be available at the discretion of the Director.

14.C.10 Prize Reserve and Prize Pool Accounts

14.C.11 Grand Prize Account

- A. The draw reports determine whether the Party Lotteries owe funds to MUSL or MUSL needs to transfer money to Party Lotteries. The Lottery shall transfer to MUSL in trust an amount as determined to be its total proportionate share of the Prize account less actual Set Prize liability. If this results in a negative amount, the MUSL central office shall transfer funds to the Lottery.
- B. All funds to pay a Grand Prize that go unclaimed shall be returned to the Lottery by MUSL in proportion to sales by the Lottery for the Grand Prize in question after the claiming period set by the Lottery selling the winning Ticket expires.

14.C.12 Funds Transfer

- A. Funds shall be collected by MUSL from each Party Lottery by wire transfer or other means acceptable to the Product Group. The Product Group shall determine collection days. The amount to be transferred shall be calculated in accordance with “Mega Millions®” Game Rules.
- B. The Grand Prize Amount held by MUSL shall be transferred to the Lottery after the Lottery Validates the Grand Prize claim and after MUSL has collected the Prize Pool Shares from all Party Lotteries.
- C. The Grand Prize Amount held by MUSL for subsequent payment to annuity Prize Winners shall be transferred to the Lottery within seven (7) days preceding the anniversary date of the selection of the Winning Combination. The Lottery will make payment to the annuity Prize Winner after the Grand Prize Amount is received from MUSL.

14.C.13 MUSL Accounting and Finance

- A. The Product Group may establish a maximum balance for the PRA. The Prize reserve contribution shall be used to fund the PRA until it reaches its maximum balance amounts. Once PRA Shares reaches the Lottery's maximum balance amounts, Prize reserve contributions will not be collected from the Lottery. The Shares of the Lottery may be adjusted with refunds to the Lottery from the PRA as may be needed to maintain the approved maximum balance and Shares of the Lottery. Any amount remaining at the end of this game shall be returned to the Party Lotteries, carried forward to a replacement PRA or expended in a manner as directed by the Product Group in accordance with Colorado law.
- B. The draw reports determine whether the Lottery owes and needs to transfer funds to MUSL, or MUSL owes and needs to transfer funds to the Lottery. (The procedures and corresponding time lines documenting the timely and effective transfer of funds between the Lottery and MUSL can be found in the Lottery's financial procedures.) Three (3) different transfers are made on a continual basis:
1. Draw receivables transferred from the Lottery to MUSL,
 2. Set Prize payments and Initial Grand Prize payments transferred from MUSL to the Lottery, and
 2. Subsequent Grand Prize annuity payments from MUSL to the Lottery.