

HOT LOTTO GROUP RULES

Adopted January 18, 2002. Last Amended June 14, 2013 with portions to be effective October 22, 2013

PART I — ADMINISTRATION

HL RULE 1—DISPUTES, VOTING, ELECTIONS.

1.1 First Review. This Product Group shall have the first opportunity to informally resolve any disputes arising between or among Party Lotteries regarding the Product Group, rules, policies, or guidelines. The Party 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 Party Lottery may seek any other remedy authorized by the Multi-State Lottery Agreement (the MUSL Agreement).

Amended January 31, 2013.

1.2 Voting. This 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.

Amended January 31, 2013.

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 January 31, 2013.

1.4 Quorum. The quorum necessary to hold an official meeting of this 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 January 31, 2013.

1.5 Elections. A Group Chair and Group Vice-Chair shall be elected for two-year terms to begin with the fiscal year in odd-numbered years. The Chair shall appoint a Nominating Committee to recommend candidates to the Group. Nominations may also be made by motion and properly seconded.

Amended June 27, 2011.

HL RULE 2— [Reserved for future use].

HL RULE 3—BUDGET.

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 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 in accordance with estimated sales. An acceptable method of payment shall be determined by the Product Group, subject to approval by the Board.

Amended March 14, 2006; June 4, 2006; January 31, 2013.

HL 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 thirty (30) minutes elapse between the close of the game ticket sales and the time of the drawing for those tickets sold. All drawings shall be open to the public and shall be witnessed by an independent certified public accounting firm and other Party Lottery officials as may be required by statute or rule. 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 video recorded.

Amended March 14, 2006; January 31, 2013.

[Rule 5 reserved for future use]

HL 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]

HL RULE 8—PETITION FOR ADMISSION.

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

Amended January 31, 2013.

8.2 Other Admission Requirements. The Product Group shall determine other admission requirements as allowed by the Agreement.

8.3 Voting on Admission. The Product Group may admit MUSL members as new members into the Product Group if more than fifty percent of the votes cast by the Product Group members pursuant to both methods of voting approve of such admission.

HL RULE 9—EXPULSION OF A PARTY LOTTERY.

(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 Rules.

Amended January 31, 2013; June 14, 2013.

HL RULE 10 – ADVERTISING

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

10.2 Advertised Grand Prize. No Party Lottery may advertise a Grand Prize amount that is different than the advertised Grand Prize amount provided to the Party Lotteries by the MUSL.

Adopted March 14, 2006; Amended October 15, and January 31, 2013. to be effective May 12, 2013.

HL RULE 11—TICKET PRICE

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

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

Amended January 31, 2013.

11.3 Discounts, Rebates, and Promotions. A Party Lottery may offer Product Group tickets through discounts, rebates, or promotions, without Product Group approval, for a period not to exceed ninety (90) days in any six-month period. A Party Lottery may offer other discounts, rebates, or promotions as may be approved by the Product Group.

Amended January 31, 2013.

11.4 Tickets as Prizes. Nothing in this rule shall prohibit a Party Lottery from offering Product Group tickets as a prize in any other non-MUSL game or promotion operated by the Party Lottery.

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

Adopted March 14, 2006; Amended January 31, 2013.

HL RULE 12—SALE OF TICKETS

12.1 Authorized Agents. Hot Lotto tickets shall be sold only through agents authorized by a Party Lottery.

12.2 Ticket Stock. Hot Lotto tickets shall be sold through a Party Lottery and, other than ticketless transaction plays, shall be printed on ticket stock that meets the security requirements for ticket stock used in the Party Lottery's other games and other requirements adopted by the Product Group or requirements adopted by the MUSL Board.

Amended January 31, 2013; June 14, 2013.

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

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

12.5 Location and Method of Sales. An offer to buy and an offer to sell a lottery ticket in a MUSL game shall be made only at a location or only by a method that is licensed, certified, or contracted by the Party Lottery.

Adopted March 14, 2006; Amended January 31, 2013.

HL RULE 13—PRIZE PAYMENTS.

No Party 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 Party Lottery promotions or agent promotions that have the effect of increasing the designated Hot Lotto prize.

Adopted March 14, 2006; Amended January 31, 2013.

HL RULE 14—GRAND PRIZE ACCOUNT.

14.1 Grand Prize Funds Transferred to MUSL. Each Party Lottery shall transfer to the MUSL in trust an amount as determined by the MUSL and the Product Group to be its total proportionate share of the prize account less actual low-tier prize liability. If this results in a negative amount, the MUSL central office shall transfer funds to the Party Lottery. If a Party Lottery's share exceeds its statutorily mandated prize payout, the MUSL may adjust the transfer amounts over a period of time to permit the payment of the Party Lottery's full share in a manner complying with the Party Lottery's prize payout statute.

Comment. The executive director may adjust a Party Lottery's transfer amounts as needed by permitting a Party Lottery to borrow any additional amounts needed from its Prize Reserve Account.

14.2 Grand Prize Funds Transferred to Party Lottery. Grand Prize amounts held by MUSL shall be transferred to the Party Lottery immediately after the Party Lottery validates the prize claim and after MUSL has collected the prize pool shares from all member lotteries.

14.3 Unclaimed Grand Prizes. All funds to pay a grand prize that went unclaimed shall be returned to Party Lotteries in proportion to sales by Party Lotteries for the grand prize in question after the claiming period set by the Party Lottery selling the winning ticket expires.

Amended January 31, 2013.

[Rules 15 through 18 reserved for future use]

HL RULE 19—FUNDS TRANSFER.

Funds shall be collected from each Party Lottery weekly by wire 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 January 31, 2013.

Comment. Funds shall be collected weekly from the party lotteries on the Monday, or the first banking day, that is more than eighteen (18) days from the applicable Wednesday drawing and more than 15 days from the applicable Saturday drawing. If funds are needed to pay a prize collected in less than 19 days after a drawing, the MUSL may borrow the funds from the Prize Reserve Account. The borrowed funds shall be immediately replenished upon collection of prize funds from the party lotteries.

[Rule 20 reserved for future use]

RULE 21—ADVANCE SALES.

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

Adopted March 14, 2006

[Rules 22 -23 reserved for future use]

HL RULE 24—TAX WITHHOLDING, OFFSETS.

Each Party Lottery shall withhold taxes or offsets in accordance with federal and state laws that apply to the Party Lottery. State income tax shall not be withheld or assessed by any jurisdiction unless the winner of the prize is a resident of the taxing jurisdiction or the winning ticket was purchased in the taxing jurisdiction.

[Rule 25 reserved for future use]

PART II — HOT LOTTO GAME RULES

Last Amended June 14, 2013. with portions to be effective October 22, 2013.

HL RULE 26—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 Product Group. Capitalized terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement.

Amended January 31, 2013.

26.1 “Advertised Grand Prize”. The Advertised Grand Prize amount shall be the amount determined and publicly announced by the Product Group to be the Grand Prize for the drawing. The “Advertised Grand Prize” amount is not the Gross Grand Prize Value. The Advertised Grand Prize amount shall be the minimum cash amount that would be paid as a “Withholding Taxes Paid” prize to the Grand Prizewinner(s), on a pari-mutuel basis, after calculating the potential federal and jurisdictional withholding taxes, if any, applicable to resident United States citizens with a valid Social Security Number, to the Gross Grand Prize Value. If a Member Lottery advertises an “Estimated Grand Prize”, that shall have the same meaning as an “Advertised Grand Prize”

Adopted October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013.

26.2 “Agent” or “retailer” means a person or entity authorized by a Party Lottery to sell lottery tickets.

26.3 “Drawing” means the formal process of selecting winning numbers that determine the number of winners for each prize level of the game.

Amended January 31, 2013.

26.4 “Computer pick” means the random selection of two-digit numbers by the computer system that appear on a ticket and are played by a player in the game.

26.5 “Game board” or “boards” means that area of the play slip that contains two (2) sets of numbered squares to be marked by the player, the first set containing forty-seven (47) squares, numbers one (1) through forty-seven (47) and the second set containing nineteen (19) squares, numbers one (1) through nineteen (19).

Amended October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013.

26.6 “Game ticket” or “ticket” means a ticket produced by a terminal that meets the specifications defined in the rules of each Party Lottery and Rule 31 (Ticket Validation) or is a properly and validly registered ticketless transaction play.

Amended June 4, 2006; January 31, 2013; June 14, 2013.

26.7 “Gross Grand Prize Value” shall mean the Grand Prize value prior to deductions for any applicable withholding taxes due the federal or jurisdictional governments.

Adopted October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013; June 14, 2013.

26.8 “Guaranteed Grand Prize” as used in these Rules refers to the guarantee by the Product Group as to the “Gross Grand Prize Value” amount; the “Advertised Grand Prize” amount is not a guaranteed prize amount.

Adopted October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013.

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

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

Amended January 31, 2013.

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

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 has joined in selling the Hot Lotto game.

Amended June 4, 2006; August 28, 2007; Amended January 31, 2013.

26.13 "Play" or "bet" means the six (6) numbers, the first five (5) from a field of forty-seven (47) numbers and the last one (1) from a field of nineteen (19) numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

Amended October 15, 2012 to be effective May 12, 2013.

26.14 "Product Group" means a group of lotteries that have joined together to offer a common product pursuant to the terms of the Multi-State Lottery Agreement and the Product Group's own rules.

Amended January 31, 2013.

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

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

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

Amended January 31, 2013.

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

Adopted June 14, 2013.

26.19 "Winning numbers" means the six (6) numbers, the first five (5) from a field of forty-seven (47) numbers and the last one (1) from a field of nineteen (19) numbers, randomly selected at each drawing, that shall be used to determine winning plays contained on a game ticket.

Amended October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013; June 14, 2013.

26.20 "Withholding Taxes Paid Prizes" shall mean prizes where the Party Lottery pays the prize winner a net prize amount, that consists of the Party Lottery withholding and depositing on behalf of the prize winner the required federal and jurisdictional withholding taxes (if any) on the "Gross Grand Prize Value" and the residual amount paid to the prize winner.

Adopted October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013; June 14, 2013.

HL RULE 27—GAME DESCRIPTION.

27.1 Hot Lotto is a five (5) out of forty-seven (47) plus one (1) out of nineteen (19) on-line lottery game that pays Grand Prize payments as a cash lump sum payment on a pari-mutuel basis. All prizes are paid on a cash basis. To play Hot Lotto, a player shall select five (5) different numbers, between one (1) and forty-seven (47) and one (1) additional number between one (1) and nineteen (19), for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player. Tickets can be purchased for one dollar (\$1.00), including sales tax where mandated, either from a terminal operated by an agent (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from an agent, the player may select a set of five (5) numbers and one (1) additional number by communicating the six (6) numbers to the agent, or by marking six (6) numbered squares in any one game board on a play slip and submitting the play slip to the agent or by requesting "computer pick" from the agent. The agent will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of that constitutes a game play. Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a play slip into the machine. Tickets may also be purchased through a Selling Lottery ticketless transaction process as provided in Rule 27.6.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

27.2 Claims. A ticket (subject to the validation requirements set forth in Rule 31 (Ticket Validation)) shall be the only proof of a game play or plays and the submission of a winning ticket to the issuing Party Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

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

Amended January 31, 2013.

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

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

27.5 Entry of Plays. Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the Party Lottery and hand-marked by the player or by such other means approved by the Party 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 Party Lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the Party Lottery.

27.6 Registration of Plays. Ticketless transaction plays may be registered by the lottery at a lottery processing site that meets the requirements established by the Product Group and the Security and Integrity Committee.

Adopted June 4, 2006; Amended January 31, 2013; June 14, 2013.

27.7 Future Plays. No Party Lottery shall offer advance plays or multi-draw plays that extend more than 180 days beyond the sale date unless the Party Lottery has a process in place to allow players to make changes to their plays in the event of a game change. Proceeds from advance sales may be held by the Party Lottery until the draw date for which the ticket applies.

Amended May 19, 2009; Amended January 31, 2013.

27.8 Drawings. Drawings shall be held at the times and places established by the Product Group and the results shall be subsequently announced to the public.

(a) The Member Lottery Director shall determine the time for the end of sales prior to the drawings, which shall not be later than the time established by the Product Group. On-line terminals shall not process on-line tickets for that drawing after the time established by the Member Lottery Director.

(b) The Product Group shall designate the type of drawing equipment to be used and shall establish drawing procedures to randomly select the winning combination and to ensure the integrity of the drawing process.

Adopted June 4, 2006.

27.9 Withholding Taxes Paid Prizes. A Grand Prize winner shall receive a “Withholding Taxes Paid Prize”. “Withholding Taxes Paid Prizes” mean prizes where the Party Lottery pays the Grand Prize winner a net prize amount, that consists of the Party Lottery reducing the “Gross Grand Prize Value” by the required federal and jurisdictional withholding taxes (if any), and withholding and depositing on behalf of the Grand Prize winner the required federal and jurisdictional withholding taxes (if any) on the “Gross Grand Prize Value” and the Party Lottery paying the Grand Prize winner the residual amount (subject to any setoff requirements). Grand Prize winners will receive a Withholding Taxes Paid prize determined after deducting all applicable withholding taxes regardless of the “Advertised Grand Prize Amount”, and which may be higher or lower than the “Advertised Grand Prize amount.”

Comment: On April 1, 2013 the Product Group indicated that it is their goal that Grand Prize winner(s) who are resident US citizens with a valid social security number should collectively receive not less than the “Advertised Grand Prize” amount. On April 1, 2013 the Product Group also indicated that if the Grand Prize is not won in the immediate drawing before May 12, 2013, that until the next Grand Prize is won, the Group would draw sufficient funding from the PRA to fund payment of the Advertised Grand Prize amount if necessary.

Federal and jurisdictional withholding tax rates are subject to change and will be determined at the time the prize is awarded.

The “Withholding Taxes Paid” prize amount reported to the federal and jurisdictional revenue authorities by the Party Lottery as subject to income taxation shall reflect the amount paid to the Grand Prize winner and also the amount remitted as withholding taxes to the federal and jurisdictional authorities (if any) on behalf of the Grand Prize winner.

The Party Lottery and MUSL are not responsible for additional income or other taxes applicable in excess of the amount withheld and remitted by the Party Lottery that may be due when the Grand Prize winner files all tax returns for the year the prize is claimed; Grand Prize winners should verify personal tax liability with a financial adviser.

For example, if a single Grand Prize winner wins the “Advertised Grand Prize” of \$2,000,000.00 that has a Gross Grand Prize Value of \$3,050,000.00, and the federal withholding tax rate is 25% and the jurisdictional withholding tax rate is 6%, the Party Lottery will withhold and remit \$762,500.00 in federal tax withholding, \$183,000.00 in jurisdictional tax withholding and pay the Grand Prize winner \$2,104,500.00 in a single cash prize payment (subject to any setoff requirements); at the end of the tax year the Party Lottery will communicate to the Grand Prize winner a W-2G Form showing prize won of \$3,050,000.00.

Adopted October 15, 2012 and Amended January 31, 2013 to be effective May 12, 2013; June 14, 2013.

HL RULE 28—PRIZE POOL

28.1 Prize Pool. The prize pool for all prize categories shall consist of fifty percent (50%) of each drawing period's sales, including tax, after the prize reserve accounts are funded to the amounts set by the Product Group. Any amount remaining in the Gross Grand Prize pool at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group in accordance with state law.

Amended January 31, 2013; June 14, 2013..

28.2 Prize Pool Accounts and Prize Reserve Accounts. An amount equal to up to one percent (1%) of a Party Lottery's sales, including tax, shall be deducted from a Party Lottery's Grand Prize Pool and placed in trust in one or more prize pool accounts and prize reserve accounts when the Gross Grand Prize exceeds \$2,000,000.00. An additional two percent (2%) of a Party Lottery's sales, including tax, shall be deducted from a Party Lottery's Gross Grand Prize Pool contribution and placed in trust in one (1) or more prize pool accounts and prize reserve accounts when the Gross Grand Prize Pool exceeds \$5,000,000.00 until the prize pool accounts and Party Lottery's share of the prize reserve account(s) reach(es) the amounts designated by the Product Group.

The Product Group has established the following prize reserve account for the Hot Lotto game: the 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 to fund deficiencies in low-tier prize payments (subject to the limitations of these rules).

The Product Group has established the following prize pool accounts for the Hot Lotto Game: the Gross Grand Prize Pool, which is used to fund the immediate Grand Prize, the Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize; the Hot Lotto Sizzler Prize Pool Account, which is described in Part III of these rules; and the Lower Tier Prize Pool, which holds the temporary balances that may result from having fewer than expected winners in the low-tier set prize categories. The source of the Lower Tier Prize Pool funds is the Party Lottery's weekly prize contributions less actual set prize liability.

The Product Group may determine to expend all or a portion of the funds in the prize pool accounts (except the Gross Grand Prize Pool) and prize reserve account: (1) for the purpose of indemnifying the Party Lotteries and Licensee Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the Board; and (2) for the payment of prizes or special prizes in the game; subject to the approval 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 as may be needed to maintain the approved maximum balance and shares of the Party Lotteries.

Once the Prize Pool accounts and the Party Lottery's share of the prize reserve accounts exceeds the designated amounts, the excess shall become part of the Grand Prize pool. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize reserve account.

prize pool accounts and prize reserve account at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group Members in accordance with jurisdiction law.

Amended April 4, 2002; October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

MULTI STATE LOTTERY ASSOCIATION – HOT LOTTO GROUP RULES

Comment. On April 4, 2002, the Product Group established that the maximum amount to be held in the Prize Reserve Account (PRA) shall not exceed \$9,000,000.00. This funding shall continue until the PRA reaches the amount set by the Product Group. The maximum deduction to be taken from the Grand Prize category shall be three percent. On June 14, 2013 the Product Group confirmed that the Set-Aside deduction shall have priority over all other deductions.

28.3 Expected Prize Payout Percentages. Grand Prize payment amounts shall be determined on a pari-mutuel basis. Except as provided in these rules, all other prizes awarded shall be paid as set cash prizes with the following expected prize payout percentages:

Number of Matches Per Play	Prize Pool Percentage	
	Prize Payment	Allocated to Prize
All five (5) of first set plus one (1) of second set.	Gross Grand Prize Value*	52.1188%
All five (5) of first set and none of second set.	\$30,000.00	3.7056%
Any four (4) of first set plus one (1) of second set.	\$3,000.00	4.3232%
Any four (4) of first set and none of second set.	\$100.00	2.5940%
Any three (3) of first set plus one (1) of second set.	\$50.00	2.9542%
Any three (3) of first set and none of second set.	\$6.00	6.3811%
Any two (2) of first set plus one (1) of second set.	\$6.00	4.7268%
Any one (1) of first set plus one (1) of second set.	\$3.00	11.5214%
None of first set plus one (1) of second set.	\$2.00	11.6750%

* The above reflects the Gross Grand Prize Value; the “Advertised Grand Prize” is described elsewhere in these Rules. The Gross Grand Prize Value amount will be reduced by federal and jurisdictional withholding taxes (if any) that will be remitted by the Party Lottery on behalf of the Grand Prize winner with the Grand Prize winner receiving the residual amount as their Grand Prize payment (subject to offsets). The prize amount reported to the federal and jurisdictional revenue authorities by the Party Lottery as subject to income taxation shall reflect the amount paid to the Grand Prize winner (including any offsets) and also the amount remitted as withholding taxes to the federal and jurisdictional authorities (if any) on behalf of the Grand Prize winner.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

(a) The prize money allocated to the Gross Grand Prize Value category shall be divided equally by the number of Plays winning the Grand Prize; see infra.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013.

(b) The prize pool percentage allocated to the set prizes (the cash prizes of \$30,000.00 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw. If the total of the set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes and carried forward from previous draws, if any; (ii) an amount from the PRA, if available, and (iii) an amount from the set-aside account, if available, not to exceed the balance of that account. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are

still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages.

Amended March 14, 2006, August 28, 2007; October 15, 2012 and January 31, 2013 to be effective May 12, 2013.

Monies from the Gross Grand Prize Pool may not be used to fund Sizzler prize payments.

HL RULE 29—PROBABILITY OF WINNING. The following table sets forth the probability of winning and the probable distribution of winners in and among each prize category, based upon the total number of possible combinations in Hot Lotto.

Number of Matches Per Ticket	Probability Distribution	Probable/Set Prize Amount
All five (5) of first set plus one (1) of second set	1: 29,144,841	\$7,594,954.50* **
All five (5) of first set and none of second set	1: 1,619,157.833333	\$30,000.00
Any four (4) of first set plus one (1) of second set	1: 138,784.957143	\$3,000.00
Any four (4) of first set and none of second set	1: 7,710.275397	\$100.00
Any three (3) of first set plus one (1) of second set	1: 3,384.998955	\$50.00
Any three (3) of first set and none of second set	1: 188.055497	\$6.00
Any two (2) of first set plus one (1) of second set	1: 253.874922	\$6.00
Any one (1) of first set plus one (1) of second set	1: 52.076907	\$3.00
None of first set plus one (1) of second set	1: 34.261123	\$2.00
Overall	1: 17.217787	

* The Grand Prize amount does not include the Prize Reserve Account deduction or any other deductions, if any.
 ** This amount reflects the “Gross Grand Prize Value”; the “Advertised Grand Prize” and “Withholding Taxes Paid Prize” amounts are discussed elsewhere in these Rules, see infra.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

HL RULE 30 PRIZE PAYMENT

30.1 Grand Prizes.

30.1(a) Grand Prizes Beginning May 12, 2013. Grand Prizewinner(s) shall be paid, with a single cash payment. The Gross Grand Prize Value shall be a guaranteed amount and Grand Prize winner share(s) shall be determined pursuant to Rule 30.5.

Amended June 14, 2013.

Comment. The Gross Grand Prize Value shall begin at \$1,503,760.00. The guaranteed Gross Grand Prize Value shall be the minimum beginning amount plus the minimum increases in the Gross Grand Prize value as described in Rule 30.5, or the actual amount held in the Grand Prize Pool, but shall not exceed the amount needed to fund payment of the Advertised Grand Prize amount; any amount in the Grand Prize Pool in excess of the amount needed to fund payment of the Advertised Grand Prize amount shall be carried forward to the next drawing’s Gross Grand Prize Value. On April 1, 2013 the Product Group determined that if the Grand Prize is not won on the final drawing preceding May 12, 2013, the starting “Advertised Grand Prize Amount”

for the next drawing shall be the previous annuitized Grand Prize amount plus fifty thousand dollars (\$50,000.00); the Product Group also agreed that the “Advertised Grand Prize Amount” should not grow in excess of fifty thousand dollars (\$50,000) per drawing thereafter until there are sufficient funds in the Grand Prize Pool to fully cover the necessary funding to pay the “Advertised Grand Prize Amount”. The Product Group will delay payment to a party lottery until the validation of the claim.

30.1(b) Grand Prizes Prior to May 12, 2013. For past Hot Lotto Grand Prize winners prior to May 12, 2013 who had elected an annuity payout of their Grand Prize, in the event of the death of a lottery winner during the annuity payment period, the Product Group, in its sole discretion, upon the petition of the estate of the lottery winner (the "Estate") to the state lottery of the state in which the deceased lottery winner purchased the winning ticket, 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 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.

Amended October 15, 2012 to be effective May 12, 2013; June 14, 2013.

Comment. This Rule is 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. The Product Group will delay payment to a party lottery until the validation of the claim.

30.2 Low-Tier Cash Prize Payments. All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants through the Party Lottery that sold the winning ticket(s). A Party Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

Amended January 31, 2013.

30.3 Prizes Rounded. Prizes that, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013.

30.4 Rollover. If the Grand Prize is not won in a drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize pool for the following drawing.

30.5 Funding of Guaranteed Prizes. Prior to a drawing the Product Group shall determine and publicly announce the “Advertised Grand Prize” amount for that drawing.

The Gross Grand Prize Value amount, that is used to determine the Advertised Grand Prize amount, shall be a guaranteed amount, and the Product Group may offer guaranteed minimum Gross Grand Prize Value amounts or minimum increases in the Gross Grand Prize Value 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. Guaranteed Gross Grand Prize Value amounts shall be funded as determined by the Product Group.

Prior to October 22, 2013: Grand Prizewinner shares shall be determined as follows: If there are multiple Grand Prize winners during a single drawing, then a winner's share of the Grand Prize shall be determined by dividing the Gross Grand Prize Value by the number of winners. Each Grand Prizewinner's share shall be paid as a “Withholding Taxes paid” prize with applicable federal and jurisdictional withholding amounts reducing the amount of cash paid to the prize winner(s); see Rule 27.9 and infra. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Rule 28.3(b) becomes necessary.

Effective October 22, 2013. Grand Prize winning play shares shall be determined as follows: If there are multiple Grand Prize winning plays during a single drawing, then a winning play's share of the Grand Prize shall be determined by dividing the Gross Grand Prize Value by the number of Grand Prize winning plays. Each Grand Prize winning play share shall be paid as a "Withholding Taxes paid" prize with applicable federal and jurisdictional withholding amounts reducing the amount of cash paid to the Grand Prize winner(s); see Rule 27.9 and infra. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Rule 28.3(b) becomes necessary.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013 to be effective October 22, 2013.

Comment. On October 2, 2002, the Product Group agreed that: prize deficits resulting from low-tier prize payments would be allocated based on sales for that drawing; and prize deficits resulting from Grand Prize payments would be allocated based on sales for the drawings leading to that Grand Prize. On December 6, 2002 the Group agreed to set annuitized Grand Prize increases to \$50,000.00. On September 25, 2003, the Product Group agreed to cap the set-aside account at \$1,000,000.00 and allow the jackpot to grow without the \$50,000.00 increase limitation at any time that (1) the jackpot is fully funded and (2) the set-aside account amount reaches or exceeds \$1,000,000.00. The Product Group also agreed that staff would round the jackpot down to the nearest \$10,000.00 from where staff estimates the jackpot will be. On October 15, 2012 the Product Group determined that prize deficits in Guaranteed Grand Prize awards shall be funded first from an amount utilized from the set-aside account, up to the amount in that account, and then, if necessary, an amount utilized from the Prize Reserve Account, up to the amount in that account. On January 13, 2013 the Product Group set the minimum Gross Grand Prize increases to \$75,188.00.

30.6 Limited to Highest Prize Won. The holder of a winning ticket 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 January 31, 2013.

30.7 Prize Claim Period. Prize claims shall be submitted within the period set by the Party Lottery selling the ticket. 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 January 31, 2013.

HL RULE 31—TICKET VALIDATION.

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

Amended January 31, 2013.

HL 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 June 4, 2006; January 31, 2013; June 14, 2013.

32.2 Reserved.

Amended January 31, 2013; June 14, 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 Transaction Plays. 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.

Amended March 14, 2006; June 14, 2013.

HL RULE 33—INELIGIBLE PLAYERS.

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

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

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

Amended January 31, 2013.

HL RULE 34—APPLICABLE LAW.

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

PART III – SPECIAL GAME RULES: HOT LOTTO SIZZLER PROMOTION

Adopted August 28, 2007; Amended October 15, 2012 to be effective May 12, 2013.

HL RULE A — PROMOTION DESCRIPTION.

The Hot Lotto Sizzler promotion is a limited extension of the Hot Lotto game and is conducted in accordance with the Hot Lotto Game Rules and other lottery rules applicable to the Hot Lotto Game except as may be amended herein. The promotion will begin at a time announced by the Member Lottery and will continue until discontinued by the lottery. The promotion will offer to the owners of a qualifying play a chance to multiply the amount of any of the eight lump sum Set Prizes (the lump sum prizes normally paying \$2.00 to \$30,000.00) won in a drawing held during the promotion. The Grand Prize jackpot is not a Set Prize and will not be multiplied.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013.

HL RULE B — QUALIFYING PLAY.

A qualifying play is any single Hot Lotto play for which the player pays an extra dollar for the Sizzler option play and that is recorded at the Member Lottery's central computer as a qualifying play.

Amended January 31, 2013.

HL RULE C — PRIZES TO BE MULTIPLIED.

A qualifying play that wins one (1) of the eight (8) lump sum Set Prizes will be multiplied by three (3). The Hot Lotto Group may change this multiplier number for special promotions from time to time

Amended January 31, 2013.

HL RULE D — [Reserved].

HL RULE E — SIZZLER PRIZE POOL.

E(1) Sizzler Prize Pool. The Sizzler Prize Pool for all prize categories shall consist of approximately forty-seven and eight thousand eight hundred thirteen ten thousandths percent (47.8813%) 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 Sizzler Prize Pool 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 and held in the Sizzler Prize Pool Account.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

E(2) Sizzler Prize Pool Account Funding. Two and one thousand one hundred eighty-seven ten thousandths percent (2.1187%) 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 Sizzler Prize Pool Account. Any amounts remaining in the Sizzler Prize Pool Account at the end of this game shall be carried forward to a replacement game or expended in a manner as directed by the Product Group Members in accordance with jurisdiction law.

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013; June 14, 2013.

Comment. The Hot Lotto Group agreed to withhold an additional two and one thousand one hundred and eighty-seven thousandths percent (2.1187%) from each drawing period's Sizzler sales to be placed in the Sizzler Prize Pool Account. Monies in the Sizzler Prize Pool Account may not be used to fund a deficiency in Hot Lotto set prizes and may only be used to pay Sizzler-related multiplied amounts of such prizes.

E(3) Expected Prize Payout. Except as provided in these rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Hot Lotto set prize amounts, qualifying Sizzler plays will pay the amounts shown:

Hot Lotto Prize Amount	Pays Instead 3X
Match 5+0 \$30,000.00	\$90,000.00
Match 4+1 \$3,000.00	\$9,000.00
Match 4+0 \$100.00	\$300.00
Match 3+1 \$50.00	\$150.00
Match 3+0 \$6.00	\$18.00
Match 2+1 \$6.00	\$18.00
Match 1+1 \$3.00	\$9.00
Match 0+1 \$2.00	\$6.00

Amended October 15, 2012 to be effective May 12, 2013.

In certain rare instances, the Hot Lotto set prize amount may be less than the amount shown. In such case, the Sizzler prizes will be a multiple of the new Hot Lotto prize amount. For example, if the Match 5 of the first set and none of the second set Hot Lotto set prize amount of \$30,000.00 becomes \$27,000.00 under the rules of the Hot Lotto game, then a Sizzler player winning that prize would win \$81,000.00 (\$27,000.00 x 3).

Amended October 15, 2012 and January 31, 2013 to be effective May 12, 2013.

HL RULE F — [Reserved].

HL RULE G — LIMITATIONS ON PAYMENT OF SIZZLER PRIZES.

G(1) Sizzler Prize Pool Carried Forward. The Sizzler prize pool percentage allocated to the Sizzler 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 January 31, 2013.

G(2) Pari-Mutuel Prizes—All Prize Amounts. If the total of the original Hot Lotto set prizes and the multiplied Sizzler set prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes and Sizzler prizes, then the amount needed to fund the set prizes (including the multiplied set prizes) awarded shall be drawn from the following sources, in the following order: (i) the amount allocated to the set prizes (including the multiplied set prizes) and carried forward from previous draws, if any; (ii) an amount from the Hot Lotto Prize Reserve Account, if available;; and (iii), an amount from the set-aside account, if available, not to exceed the balance of that account. If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including multiplied prizes), then the highest set prize (including the multiplied prizes) shall become a pari-mutuel prize. If the amount of the highest set prize, including the multiplied set prizes, 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 multiplied 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.

Amended January 31, 2013; June 14, 2013.

HL RULE H – PRIZE PAYMENT

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

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 multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the Sizzler prize pool for the next drawing.

Amended January 31, 2013.