

AMENDED: October 21, 2010

Effective: January 15, 2011

MEGA MILLIONS RULES

(5 OUT OF 56 AND 1 OUT OF 46)

The following rules have been adopted by the New Jersey State Lottery Commission pursuant to the authorization contained in N.J.S.A. 5:9-7 and shall govern the operation of “MEGA MILLIONS” lottery game. The rules are as follows:

DEFINITIONS

“Authorized Claim Center” means any “MEGA MILLIONS” Agent or Retailer, or Party Lottery office in the state where the winning Official “MEGA MILLIONS” ticket being claimed was purchased.

“Claimant” means any person or entity submitting a claim form within the required time period to collect a prize for an Official “MEGA MILLIONS” ticket. A Claimant may be the Purchaser, the person or entity named on a signed Official “MEGA MILLIONS” ticket, the bearer of an unsigned Official “MEGA MILLIONS” ticket, or any other person or entity who may seek entitlement to a “MEGA MILLIONS” prize payment in accordance with the “MEGA MILLIONS” Rules and Party Lottery governing laws, policies and rules.

“Party Lottery or Lotteries” means one or more of the state lotteries established and operated pursuant to the laws of California, Georgia, Illinois, Maryland, Massachusetts, Michigan, Virginia, New Jersey, New York, Ohio, Texas, or Washington, and may include members of the Multi-State Lottery Association (MUSL) but participating states may change from time to time.

“Directors” means the chief officers of the Party Lotteries or any other persons to whom the Directors’ authority is lawfully delegated.

“Lottery” means the New Jersey Lottery.

“Lottery Director” means the Executive Director of the New Jersey Lottery.

“MEGA MILLIONS Ticket” means an official game ticket, produced on official paper stock by a “MEGA MILLIONS” Agent or Retailer in an authorized manner, bearing player or computer selected numbers, game name, drawing date, amount of wager, and validation data.

“Prize Fund” means that portion of “MEGA MILLIONS” gross sales set aside for the payment of prizes. The Prize Fund for any drawing is expected to be 50% of sales, but may be higher or lower based upon the number of winners at each fixed prize level, as well as the funding required to meet the advertised jackpot.

“Purchaser(s)” means player(s) of “MEGA MILLIONS” who purchase tickets in accordance with “MEGA MILLIONS” Rules and the New Jersey Lottery governing laws, policies and rules.

“Agent, Sales Agent or Retailer” means a location in the States of California, Georgia, Illinois, Maryland, Massachusetts, Michigan, Virginia, New Jersey, New York, Ohio, Texas, or Washington licensed or contracted and equipped by its respective state lottery to sell “MEGA MILLIONS” tickets.

“Play/Bet Slip” means a card used in marking a player’s game plays and containing one or more selection panels.

“MEGA MILLIONS Winning Numbers” means five (5) one or two digit numbers, from one (1) through fifty-six (56) and one (1) one or two-digit number from one (1) through forty-six (46), randomly selected at each “MEGA MILLIONS” drawing, which shall be used to determine winning “MEGA MILLIONS” plays contained on “MEGA MILLIONS” tickets.

“Megaplier” means a feature that gives players the opportunity to multiply their potential winnings by 2, 3, or 4 times the original amount (excluding the Grand/Jackpot prize and the second tier prize). The second tier prize will be a fixed \$1,000,000 prize, if the player selects and pays for the Megaplier (i.e., the multiplier number drawn does not apply to, affect, or alter the second tier prize). The multiplier number drawn will be used to multiply the value of the prizes for the third through ninth tiers. All set prizes and Mega Millions prizes may be reduced if claims exceed available prize fund. The

multiplier feature may be increased for promotional purposes and for limited time, at the discretion of the Party Lotteries.

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

RULES

1. The lottery game in which the ticket purchaser selects, or has the computer randomly assign five (5) numbers from Field 1 which includes a range of consecutive numbers from one (1) to fifty-six (56) and one (1) number from Field 2 which includes a range of consecutive numbers from one (1) to forty-six (46), shall be called “MEGA MILLIONS” and all lottery tickets issued for this game shall be clearly identified with the name of the game and the date or dates of the drawing(s) for which they apply.
2. “MEGA MILLIONS” tickets will be sold every day during the normal business hours of the agents authorized to sell said tickets. The sale period for any given “MEGA MILLIONS” lottery date will terminate on the date of the drawing at 10:45pm Eastern Time. Wagers may be placed for any of the first eight (8) drawings following the date and time the wager is placed.
3. Lottery tickets for “MEGA MILLIONS” will be available only from certain designated lottery agents who have been selected by the Lottery Director.
4. The selected agents will have on their business premises an agent-operated, on-line machine and shall prominently display the machine and a poster or other advertisement stating that they sell tickets for “MEGA MILLIONS” lottery. As a prerequisite for obtaining the machine, each agent shall have installed a communications link to the Lottery’s central computer. Unless otherwise determined by the Lottery Director, the agent shall be responsible for the cost of installing the communications link, which shall be in the form and specifications as determined by the Lottery Director.
5. The price of a single wager shall be \$1.00, except that the Lottery Director may establish a discount for promotional purposes.

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6. The Megaplier Play option may be purchased for an additional \$1.00, per play, or multiples thereof in the case of a multi-draw wager, at the discretion of the Purchaser.
 7. The agent-operated, on-line machines will sell tickets for the “Pick-6 Lotto,” the “Pick 4,” the “Pick 3,” the “Jersey Cash 5,” the “MEGA MILLIONS,” and the “POWERBALL” lotteries. The agents having this type of machine will be required to operate the machine for purposes of the issuance of all lottery tickets and shall be required to provide certain specified services relating to the upkeep of the machine and the reporting of lottery sales. All agents are required to have on deposit in their lottery bank account, no later than the close of their bank business day each Thursday, gross sales receipts less commission and cash prizes paid out for the previous sales week ending Wednesday. In case of deficiencies in Electronic Funds Transfer (EFT), the Lottery Director may debit the agent’s account \$25.00 per failure. Agents will receive a commission equal to five percent of the gross sales dollars. In addition, all agents paying out cash prizes up to \$599.00 shall receive a commission equal to 1.25% of the money paid out in prizes. The agent(s) selling a winning 5 out of 56 + 1 out of 46 “MEGA MILLIONS” ticket shall receive a \$10,000.00 bonus from the Lottery. The bonus shall be paid for each winning 5 out of 56 + 1 out of 46 ticket sold. The agent(s) selling a winning 5 out of 56 “MEGA MILLIONS” ticket shall receive a \$500.00 bonus from the Lottery. The bonus shall be paid for each winning 5 out of 56 ticket sold. Agent commission and bonuses may be offset, at the Lottery Director’s discretion, against monies due from the agent to the Lottery. In such cases, if applicable, a net payment will be made to the agent. All data regarding agents’ sales and compensation shall be kept confidential by the Lottery, except for income tax reporting required by law. The agent-operated, on-line machines will have the capacity to:
 - a) Handle advance sales as may be implemented at the Lottery Director’s discretion.
 - b) Issue “MEGA MILLIONS” tickets for \$1.00 and in multiples of \$1.00 up to \$5.00.

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- c) Issue “MEGA MILLIONS” Quick Pick tickets for \$1.00 and in multiples of \$1.00 up to \$5.00.
 - d) Validate all “MEGA MILLIONS” tickets for a period of one (1) year from the date of drawing.
8. “MEGA MILLIONS” tickets may not be canceled.
 9. Purchasers may submit a manually completed “MEGA MILLIONS” Bet Slip to an Agent to have issued a “MEGA MILLIONS” ticket. Bet Slips shall be available at no cost to the Purchaser and shall have no pecuniary or prize value, or constitute evidence of purchase or number selections. The use of mechanical, electronic, computer generated or any other non-manual method of marking Bet Slips is prohibited.
 10. Purchasers may orally convey their selections to a “MEGA MILLIONS” Agent to have issued a “MEGA MILLIONS” ticket. Such selections shall be manually entered into the computer terminal by the Agent.
 11. In those Party Lottery states which offer player operated sales terminals (POSTs) or self-service terminals (SSTs), purchasers may utilize POSTs or SSTs for the purchase of “MEGA MILLIONS” tickets, and may make number selections by inserting a completed Bet Slip into the POST’s or SST’s optical mark reader, or by manually entering the selections on the POST or SST touch screen or selecting a Quick Pick/Easy Pick option.
 12. The type of bets and the amount of the prizes for “MEGA MILLIONS” shall be determined as follows:

The purchaser shall select or “Quick Pick” any five (5) numbers for Field 1, from a range of consecutive numbers of 1 through 56 and one (1) number from Field 2 from a range of consecutive numbers of 1 through 46. Bet selections of less than or more than six (6) numbers will be impermissible.
 13. It shall be the sole responsibility of the Purchaser to verify the accuracy and condition of the data printed on the “MEGA MILLIONS” ticket at the time of purchase.
 14. The purchaser must select, at the time of the sale, one of the following methods of prize payment:

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- a) The player must select at the time of purchasing the ticket between either receiving the annuity installment prize or receiving in a lump sum the cash value equivalency of the annuity prize. The cash value equivalency shall be either the cash value of the annuity prize amount using market rate interest yields on the day of the draw or the dollar amount received by the New Jersey Lottery in selling the investments purchased to fund that particular prize, respectively, less any and all administrative fees incurred by the Lottery selling those investments. Once the cash value equivalency option is selected under this subparagraph, the selection is irrevocable, and the player may not change his or her mind; and
- b) Whenever a player wins an annuity installment prize AND has not chosen in advance to select a lump sum payment, when the option is available under the immediately preceding paragraphs, the player shall have another opportunity to select receiving in a lump sum the cash value equivalency of the annuitized prize, after the player:

Reviews the Lottery's disclosure of the methodology used to compute the single cash payment; and

signs an irrevocable prize payout election form stating that the player understands that he or she is under no obligation to elect to take the lump sum cash value equivalency payment and may freely continue to take the prize as an annuity; and

Makes the irrevocable selection between the annuity payments and a lump sum payment within 60 days from the date the prize claim is made. If a lump sum cash payment option is offered for an annuity prize claim, no payment for such a prize will be processed until the Claimant submits a form irrevocably selecting a payment option, or the 60-day selection period lapses, whichever shall first occur.

15. The drawing to select the winning numbers shall be conducted at the studios of WSB-TV, Atlanta, Georgia at approximately 11:00pm Eastern Time. "MEGA MILLIONS" drawings shall be conducted on Tuesday and Friday at the designated time. However, the day, time or location of "MEGA MILLIONS" drawings may be modified as determined by the Directors and publicly announced by the Party Lotteries, and/or as stated in the MEGA MILLIONS On-Line Drawing Procedures. All MEGA MILLIONS drawings will be open to the public.
16. "MEGA MILLIONS" drawings shall randomly generate, by mechanical means, "MEGA MILLIONS" winning numbers, pursuant to the controls and methods defined by the Party Lotteries.
17. No Claimant may assert rights different from the rights acquired by the original Purchaser at the time of purchase.
18. Except for the starting \$12 million (annuity value) jackpot drawing for which the annuity prize is guaranteed, the liability for any subsequent Grand/Jackpot Prize winning ticket(s) will be the cash equivalent of the estimated annuity jackpot. The cash equivalent will be determined based on total cumulative sales for the jackpot roll and the final annuity factor established by the Mega Millions Finance Committee for the drawing. The cash equivalent amount will be based on the highest funded full million dollar annuity value, determined by utilizing 31.80% of the cumulative sales for the jackpot and the final annuity factor established by the Mega Millions Finance Committee for the draw date. The annuity guarantee only applies to the \$12 million starting jackpot level.
19. Grand/Jackpot Prize Estimation
 - a.) The Grand/Jackpot Prize amount shall be forecasted on each drawing day by the Party Lotteries. A recommendation for the subsequent jackpot shall be made by the Finance Committee of the Party Lotteries at 11:30 a.m. EST on Tuesday and Friday of each week or at any other time as deemed necessary. A minimum of four (4) Party Lottery Directors or their designees shall be

involved in a conference call at 11:30 a.m. EST on Tuesday and Friday of each week with a designee from the Party Lotteries' Finance Committee to discuss the Committee's recommendation. Additionally, the Party Lotteries may compare sales forecasts at any time as agreed to by the Party Lotteries for possible increases in the Grand/Jackpot Prize amount.

If the sales support a jackpot that is at least \$1 million higher than the advertised jackpot, the resulting jackpot to be paid will be the cash equivalent of the highest fully funded million, based on actual sales and the annuity factor established for the draw date. If the sales support a jackpot that is lower than the advertised jackpot, the resulting jackpot to be paid will be the cash equivalent of the highest fully funded million, based on actual sales and the annuity factor established for the draw date. In no event, however, shall the jackpot paid be less than the announced jackpot of the immediately prior drawing.

- b.) A Cash Equivalent Grand/Jackpot Prize amount will be estimated prior to each drawing by dividing the annuitized Grand/Jackpot Prize amount by an established annuity factor derived from the current market rates for U.S. Government STRIP bonds. The current market information will be determined during the regular Grand/Jackpot Setting conference call each Tuesday and Friday.
20. The Annuity Jackpot amount as determined in Section 18 shall be the basis for determining the amount to be awarded for the winning "MEGA MILLIONS" tickets matching all five (5) of the five (5) "MEGA MILLIONS" numbers drawn from Field 1 and the one (1) "MEGA MILLIONS" winning number drawn from Field 2.
- a.) Annuity Option Jackpots shall be paid in twenty-six (26) annual installments by the Party Lottery that sold the winning Official "MEGA MILLIONS" ticket. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty-five (25) payments shall be paid annually to coincide with the month of the federal auction

date at which the bonds were purchased. Such payments shall be made within seven (7) days of the anniversary of the actual auction date.

- b.) Cash Option Jackpots shall be paid in a single payment upon completion of internal validation procedures. The Cash Option amount offered may be either the cash equivalent amount as described in Section 17 or the proceeds of the sale of bonds purchased to fund the particular winner's share of the annuity Jackpot amount, at the discretion of the Lottery Director.
- c.) In the event multiple "MEGA MILLIONS" tickets match all five (5) of the five (5) "MEGA MILLIONS" winning numbers for Field 1 and the one (1) "MEGA MILLIONS" winning number for Field 2, and the Annuity "MEGA MILLIONS" Jackpot divided by the number of winning game panels is less than \$1,000,000, each "MEGA MILLIONS" Jackpot winner shall be paid an amount equal to the Cash Equivalent Jackpot divided equally by the number of Jackpot winners. Each such Jackpot winner will be paid in a single cash payment.
- d.) If in any "MEGA MILLIONS" drawing there are no "MEGA MILLIONS" tickets which qualify for the Jackpot category, the portion of the Prize Fund allocated to such Jackpot category shall remain in the Jackpot Category and be added to the amount allocated for the Jackpot category in the next consecutive "MEGA MILLIONS" drawing.
- e) Second through Ninth Level Prizes are as follows:
- i) "MEGA MILLIONS" tickets matching (5) of the five (5) "MEGA MILLIONS" winning numbers drawn for Field 1, but not matching the "MEGA MILLIONS" winning number from Field 2 shall be entitled to receive a Second Prize of \$250,000.
 - ii) "MEGA MILLIONS" tickets matching four (4) of the five (5) "MEGA MILLIONS" winning numbers drawn for Field 1 and the "MEGA MILLIONS" winning number drawn from Field 2 shall be entitled to receive a Third Prize of \$10,000.

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- iii) “MEGA MILLIONS” tickets matching four (4) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 but not matching the “MEGA MILLIONS” winning number from Field 2 shall be entitled to receive a Fourth Prize of \$150.
 - iv) “MEGA MILLIONS” tickets matching three (3) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 and the “MEGA MILLIONS” winning number drawn from Field 2 shall be entitled to receive a Fifth Prize of \$150.
 - v) “MEGA MILLIONS” tickets matching two (2) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 and the “MEGA MILLIONS” winning number from Field 2 shall be entitled to receive a Sixth Prize of \$10.
 - vi) “MEGA MILLIONS” tickets matching three (3) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 but not matching the “MEGA MILLIONS” winning numbers drawn from Field 2 shall be entitled to receive a Seventh Prize of \$7.
 - vii) “MEGA MILLIONS” tickets matching one (1) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 and the “MEGA MILLIONS” winning number from Field 2 shall be entitled to receive an Eighth Prize of \$3.
 - viii) “MEGA MILLIONS” tickets matching no numbers (0) of the five (5) “MEGA MILLIONS” winning numbers drawn for Field 1 but matching the “MEGA MILLIONS” winning numbers from Field 2 shall be entitled to receive a Ninth Prize of \$2.

21. Prize Pool:

- a) The expected payout percentage for any Mega Millions drawing is 50% of Mega Millions sales. However, because Mega Millions pays out fixed prizes, the total prize liability will be above or below 50% of sales based on the number of winners at each prize level. A maximum prize liability for any Mega Millions drawing shall be the lesser of 300% of draw sales or 50% of Mega Millions draw sales plus fifty Million Dollars (\$50,000,000) (both

hereinafter referred to as the “Liability Cap”). The maximum prize liability calculation shall not include jackpot prize liability from prior drawing within the sequence. In the event that the total Mega Millions prize liability for any drawing shall exceed the Liability Cap, then prize levels two (2) through (5) shall become pari-mutuel

- b) The amount of breakage (amount received as a result of rounding down to the nearest dollar) will be set aside in a separate reserve fund which will be used to augment the Prize Pool and/or may be used for purposes of increasing the prize reserve account at such times and in such a manner as the Lottery Director shall determine.
- c) For winning “MEGA MILLIONS” tickets 5 out of 56 + 1 out of 46 for which no claim or redemption is made within the specified claim period for each respective Party Lottery, the corresponding Jackpot monies shall be returned to the other Party Lotteries in accordance with procedures for the reconciliation of prize liability as may be agreed from time to time by the Directors of the Party Lotteries.
- d) The amount of the Prize Pool may be supplemented by proceeds from the unclaimed prize reserve or any part thereof for purposes of increasing the fixed prize awards at such times and in such a manner as the Lottery Director shall determine.

The unclaimed prize reserve will be credited an amount equal to a maximum of 70% of the daily prize obligation forfeitures. For prize levels 2nd through 9th, prize obligation forfeitures are defined as that portion of game prizes which, after one year from the drawing date or game closing (end date), are unclaimed by players. Jackpot obligation forfeitures are defined as the New Jersey portion of the contributed prize allocation to be forfeited after the winning Party Lottery’s claim period has ended. The claim periods are as follows: in Illinois, New Jersey, New York, Massachusetts, California and Michigan – a period of one year from the anniversary of the drawing date; in Maryland, for a period of 182 days

from the drawing date; in Virginia, Georgia, Ohio, Texas, and Washington, for a period of 180 days from the drawing date.

For tickets claimed and scanned at an authorized New Jersey Lottery Agent or Retailer, within the time period noted above, and then sent to Lottery Headquarters for validation, said ticket must be received at the headquarters' office by the close of business on the thirtieth (30th) day after the expiration of the official claim period in order to be paid.

The New Jersey State Lottery Controller shall maintain a daily record of unclaimed prizes and provide such information to the Lottery Director at least monthly. It shall be the responsibility of the Lottery Director to report such information to the New Jersey State Lottery Commission. Any portion of the unclaimed prize reserve may at any time be treated as net proceeds for allocation to the State General Fund as aid to state institutions and education. At no time shall the unclaimed prize reserve be utilized inconsistently with the 30% minimum contribution requirement of the State Lottery law.

- e) "MEGA MILLIONS" Jackpot shall be divided equally among the winners.
- f) Each "MEGA MILLIONS" Second through Ninth Prize shall be paid in one payment.
- g) All payments shall be made to the winner, or his or her estate in accordance with N.J.S.A. 5:9-13.
- h) The prize unit will be rounded down to the nearest dollar.
- i) Each \$1.00 bet shall be considered a single unit equal to one share of the total pool.

22. Validations:

- a) The holder of a winning ticket for "MEGA MILLIONS" can take said ticket to any Authorized Claim Center for validation. All Lottery Agents having an agent-operated, on-line machine are claim centers. If said winning ticket entitles the holder to a prize of \$599.00 or less, said prize will be paid by the agent upon presentation and validation of the ticket. If the winning ticket entitles the holder to a prize that is more than \$599.00,

then the agent shall validate the winning ticket, the Claimant shall fill out a claim form issued by the agent and mail the claim form and validated ticket to Lottery Headquarters in the claim form mailer envelope. Once a ticket and claim form is received at Lottery Headquarters and validated, it will not be returned to the winner, but will be retained by the New Jersey State Lottery and the payment will be processed. The winner will retain a copy of the claim form prior to mailing to Lottery Headquarters.

- b) Winner(s) of either the Jackpot Prize or a prize of \$250,000 shall be required, at the discretion of the Lottery, to participate in a press conference. A press conference is an interview with television, radio and/or newspaper reporters and photographers. The press conference will be scheduled by the Lottery.
- c) The ticket must have been issued by an authorized New Jersey Lottery “MEGA MILLIONS” Agent or Retailer on official paper stock of the New Jersey Lottery.
- d) The ticket must have been recorded on the central computer system prior to the drawing and the ticket data must match this computer record in every respect.

In the event of a contradiction between information as printed on the ticket and as accepted by the New Jersey Lottery computer, the wager accepted by the New Jersey Lottery computer system shall be the valid wager.

- e) Tickets are void if:
 - i) Stolen, unissued, unreadable, mutilated, altered, reconstituted, counterfeit in whole or in part, miscut, multiply-printed, defective, tampered with, printed or produced in error, or blank or partially blank.
 - ii) Printing is irregular.
 - iii) Apparent or asserted symbols are not confirmed by validation number.
 - iv) The ticket fails any of the Lottery's other validation tests.

f) The player or computer number selections, validation data and the drawing date(s) of an apparent winning ticket must appear on the official file of winning tickets, and a ticket with that exact data must not have been previously paid. The ticket must not be misregistered, defectively printed or produced in error to an extent that it cannot be processed by the New Jersey Lottery.

23. Liability of New Jersey State Lottery

a) The liability of the State Lottery for tickets printed or produced in error or for defective tickets shall be limited to the replacement of the defective ticket with another unplayed ticket or reimbursement of the holder at the retail sale price of the ticket.

b) All winners, tickets, and transactions are subject to New Jersey State Lottery rules and regulations, and State Law. All prize awards are subject to claim procedures, validation tests, and other applicable requirements of the New Jersey Lottery.

24. All persons holding winning tickets must file for a prize within one year after the date of the drawing. One year means the anniversary of the date of the draw unless the draw date is February 29th in which case the anniversary is considered to be March 1st. All winning tickets submitted beyond the one-year period are not eligible for prize awards. Except as herein provided, all rules and regulations of the Lottery shall govern the operation of the "MEGA MILLIONS" lottery. All determinations of winners shall be made by the Lottery Director whose judgment shall be final.