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OREGON STATE LOTTERY

DIVISION 85

POWERBALL[®] RULES

January 15, 2012

177-085-0000 Purpose

These rules, OAR 177-085-0005 to 177-085-0065, establish the procedures and requirements for playing Powerball[®], a lotto game operated by the Multi-State Lottery (hereinafter referred to as “MUSL”), of which the Oregon State Lottery is a member.

177-085-0005 Definitions

The following definitions apply unless the context requires a different meaning.

(1) “**Drawing**” means the formal process of selecting winning numbers which determine the number of winners for each prize level of the game.

(2) “**Game Board**” or “**Boards**” means that area of the game slip which contains two sets of numbered squares to be marked by the player, the first set containing fifty-nine squares, numbered one through fifty-nine, and the second set containing thirty-five squares, numbered one through thirty-five.

(3) “**Game Ticket**” or “**Ticket**” means a ticket produced by a terminal which contains the caption Powerball[®], one or more lettered game plays followed by the drawing date, the price of the ticket, a six digit retailer number and a serial number that is compatible with the Lottery’s central computer system.

(4) “**Lottery**” means the Oregon State Lottery.

(5) “**MUSL**” means the Multi-State Lottery Association

(6) “**MUSL Board**” means the governing body of the MUSL which is comprised of the chief executive officer of each Party Lottery.

(7) “**Party Lottery**” means a state lottery or lottery of a political subdivision or entity that participates in MUSL and, in the context of these Powerball[®] Product Group rules, which has joined in selling the Powerball[®] game.

(8) “**Play**” means the six numbers, the first five from a field of fifty-nine numbers and the last one from a field of thirty-five numbers which appear on a ticket as a single lettered selection and are to be played by a player in the game.

(9) **“Game Slip”** means the paper used in marking a player’s game plays and containing one or more boards.

(10) **“Product Group”** means a group of lotteries which has joined together to offer a product pursuant to the terms of the Multi-State Lottery Agreement and the Group’s own rules.

(11) **“Quick Pick”** means the random selection by the computer system of two-digit numbers that appear on a ticket and are played by a player in the game.

(12) **“Retailer”** means a person or entity authorized by the Lottery to sell lottery tickets.

(13) **“Set Prize”** means all prizes except the Grand Prize that are advertised to be paid by a single lump sum payment and, except in instances outlined in these Division 85 rules, will be equal to the prize amount established by the MUSL Board for the prize level.

(14) **“Draw game terminal”** or **“Terminal”** has the meaning set forth in OAR 177-070-0005(4).

(15) **“Winning Numbers”** means the six numbers, the first five from a field of fifty-nine numbers and the last one from a field of thirty-five numbers, randomly selected at each drawing, which shall be used to determine winning plays contained on a game ticket.

177-085-0010 Ticket Price

(1) A Powerball[®] ticket shall cost two dollars (USA \$2) per play.

(2) A Powerball[®] ticket may only be sold by and purchased from a Lottery retailer authorized to sell Powerball[®] tickets, or a Lottery sales location, and only by a method which is approved by the Lottery.

(3) The Lottery shall not directly and knowingly sell a Powerball[®] ticket or combination of tickets to any person or entity which would guarantee said purchaser a Grand Prize win.

177-085-0015 Game Description

(1) **General Information:** Powerball[®] is a five out of fifty-nine numbers plus one out of thirty-five numbers lottery game, drawn every Wednesday and Saturday, which pays the Grand Prize, at the election of the player made in accordance with these rules or by a default election made in accordance with these rules, either on an annuitized pari-mutuel basis or as a single lump sum payment of the total cash amount held for this prize pool on a pari-mutuel basis. Except as provided in the rules, all other prizes are paid as a single lump sum payment.

(2) **Selection of Numbers:** To play Powerball[®], a player shall select five different numbers, from one through fifty-nine and one additional number from one through thirty-five, for input into a terminal. The additional number may be the same as one of the first five numbers selected by the player, as long as it is from one through thirty-five.

(3) **Purchase of Tickets:** Tickets can be purchased either from a terminal operated by a retailer (i.e., a clerk-activated terminal) or from a terminal operated by the player (i.e., a player-activated terminal). If purchased from a retailer, the player may select a set of five numbers and one additional number by marking six numbered squares in any one game board on a game slip and submitting the game slip to the retailer, or by requesting “Quick Pick” from the retailer. The retailer will then issue a ticket, via the terminal, containing the selected set or sets of numbers, each of which constitutes a game play. Tickets can be purchased from a player-activated terminal by use of a touch screen or by inserting a game slip into the machine. A player may purchase tickets for future consecutive drawings up to the maximum permitted by the Lottery.

(4) **Player’s Responsibility:** It is the sole responsibility of the player to verify the accuracy of the game play or plays and other data printed on the ticket. A ticket may not be voided or canceled by returning the ticket to the retailer or to the Lottery, including tickets that are printed in error. No ticket shall be returned to the Lottery for credit. The placing of plays is done at the player’s own risk through the Lottery retailer, who when entering the play or plays is acting on behalf of the player.

(5) **Determination of Winning Numbers:** The winning numbers for the Powerball[®] game shall be determined at a drawing conducted under the supervision of the MUSL Board. The MUSL Board shall determine the frequency of Powerball[®] game drawings. Winning numbers shall be selected at random with the aid of mechanical drawing equipment or a random number generator. The Lottery Director shall designate a Drawing Manager who shall review and randomly observe the drawings conducted by the MUSL Board.

177-085-0020 Prize Claims

A ticket, subject to the validation requirements set forth in OAR 177-085-0040, is the only proof of a game play or plays. The submission of a winning ticket to the Lottery or an authorized retailer as required by OAR 177-046-0110 is the sole method of claiming a prize or prizes, except that a Grand Prize (and a Match 5+0 prize) must be claimed in person at Lottery Headquarters. A game slip or a copy of a ticket has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected. A terminal produced paper receipt has no pecuniary or prize value and does not constitute evidence of ticket purchase or of numbers selected.

177-085-0025(T) Powerball[®] Prize Pool

(1) **Prize Pool:** The prize pool for all prize categories shall consist of 50 percent of each drawing period’s sales, including any specific statutorily-mandated tax on a Party Lottery to be included in the price of a lottery ticket, after funding the prize reserve accounts to the amounts established by the Product Group. Any amount remaining in the prize pool at the end of the Powerball[®] 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.

(2) **Prize Reserve Accounts:** An amount equal to up to two percent of a Party Lottery’s sales, including any specific statutorily-mandated tax on a Party Lottery to be included in the price of a lottery ticket, shall be deducted from the Party Lottery’s Grand Prize Pool and placed in trust in

one or more prize reserve accounts until the Party Lottery's share of the prize reserve accounts reaches the amounts designated by the Product Group. Once the Party Lottery's share of the prize reserve accounts exceeds the designated amounts, the excess shall become part of the Grand Prize pool. Any amount remaining in a prize reserve account at the end of the Powerball® game shall be carried forward to a replacement prize reserve account or expended in a manner as directed by the Product Group in accordance with state law.

(3) **Expected Prize Payout Percentages:** The Grand Prize shall be determined on a pari-mutuel basis. Except as otherwise provided in these rules, all other prizes awarded shall be paid as set lump sum prizes with the following expected prize payout percentages:

Number of Matches per Play	Set Prize Amount	Prize Pool Percentage Allocated to Prize
Match 5+1 All 5 of first set plus 1 of second set	Grand Prize	63.9511%
Match 5+0 All 5 of first set and none of second set	\$1,000,000	19.4038%
Match 4+1 Any 4 of first set plus 1 of second set	\$10,000	1.5409%
Match 4+0 Any 4 of first set and none of second set	\$100	0.5239%
Match 3+1 Any 3 of first set plus 1 of second set	\$100	0.8167%
Match 3+0 Any 3 of first set and none of second set	\$7	1.9437%
Match 2+1 Any 2 of first set plus 1 of second set	\$7	0.9909%
Match 1+1 Any 1 of first set plus 1 of second set	\$4	3.6097%
Match 0+1 None of first set plus 1 of second set	\$4	7.2194%

(a) **Division of Grand Prize Among Winners:** The prize money allocated to the Grand Prize category shall be divided equally by the number of game plays winning the Grand Prize.

(b) **Set Prizes:** The prize pool percentage allocated to the set prizes (the single lump sum prizes of \$1,000,000 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:

(A) The amount allocated to the set prizes and carried forward from previous draws, if any;

(B) An amount from the Set Prize Reserve Account, if available, not to exceed \$40,000,000 per drawing.

(c) **Lack of Sufficient Prize Funds:** 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.

177-085-0030 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 Powerball®:

Number of Matches per Game Play	Probability Winners	Distribution Probability	Probable/Set Prize Amount
Match 5+1 All 5 of first set plus 1 of second set	1	1:175,223,510.0000	Grand Prize
Match 5+0 All 5 of first set and none of second set	34	1:5,153,632.6471	\$1,000,000
Match 4+1 Any 4 of first set plus 1 of second set	270	1:648,975.9630	\$10,000
Match 4+0 Any 4 of first set and none of second set	9,180	1:19,087.5283	\$100
Match 3+1 Any 3 of	14,310	1:12,244.8295	\$100

first set plus 1 of second set			
Match 3+0 Any 3 of first set and none of second set	486,540	1:360.1420	\$7
Match 2+1 Any 2 of first set plus 1 of second set	248,040	1:706.4325	\$7
Match 1+1 Any 1 of first set plus 1 of second set	1,581,255	1:110.8129	\$4
Match 0+1 None of first set plus 1 of second set	3,162,510	1:55.4065	\$4
Overall	5,502,140	1:31.8464	

177-085-0035 Prize Payment

(1) **Selection of Payment Type:** Grand prizes shall be paid, at the election of the player made no later than 60 days after validation of the prize, with either a per winner annuity or single lump sum payment. If the payment election is not made by the player within 60 days after validation, then the prize shall be paid as an annuity prize. The election to take the single lump sum payment may be made at the time of validation of the prize claim or within 60 days thereafter. An election made after validation is final and cannot be revoked, withdrawn, or otherwise changed.

(2) **Share of the Grand Prize:** Shares of the Grand Prize shall be determined by dividing the amount available in the Grand Prize pool equally among all winners of the Grand Prize.

(3) **Lump Sum Payment:** Winner(s) who elect a lump sum payment shall be paid their share(s) in a single lump sum payment. (Application of the MUSL annuity factor generally is anticipated to result in the Grand Prize winner who elects a single lump sum payment receiving an amount that roughly approximates one-half of the advertised jackpot amount. The actual single lump sum payment amount will vary as a function of the MUSL annuity factor determined as described in subsection (4)(a) of this rule.)

(4) **Annuity Payment:** The annuitized option prize shall be determined by multiplying a winner's share of the Grand Prize pool by the MUSL annuity factor.

(a) The MUSL annuity factor is determined by the best total securities price obtained through a competitive bid of qualified, pre-approved brokers made after it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days after the winner becomes entitled to the prize.

(b) Neither MUSL nor the party lotteries shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL. In certain instances announced by the Product Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to subsection (11) of this rule. If individual shares of the cash held to fund an annuity are less than \$250,000, the Product Group, in its sole discretion, may elect to pay the winners their share of the amount held in the Grand Prize pool.

(5) **Initial and Annual Payments:** Except as may be controlled by statute, all annuitized prizes shall be paid annually in thirty payments with the initial payment being made directly with available funds, to be followed by twenty-nine payments funded by the annuity. All annuitized prizes shall be paid annually in thirty graduated payments (increasing each year) by a rate as determined by the Product Group. Prize payments may be rounded down to the nearest \$1,000. Annual payments after the initial payment shall be made by the lottery on the anniversary date of the first payment or if such date falls on a non-business day, then the first business day following the anniversary date of the first payment. Funds for the initial payment of an annuitized prize or the lump sum payment prize shall be made available by MUSL for payment by the Party Lottery which sold the winning ticket by the 15th calendar day (or the next banking day if the fifteenth day is a holiday) following the drawing.

(6) **Lack of Available Funds:** If necessary, when the due date for the payment of a prize occurs before the receipt of sufficient funds in the prize pool trust to pay the prize, then the transfer of funds for the payment of the full lump sum payment amount may be delayed pending receipt of funds from the party lotteries. A state may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(7) **Death of Winner:** 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") or the persons identified on the winner's Beneficiary Designation form (BDF), whichever is applicable, to the state lottery of the state in which the deceased lottery winner purchased the winning ticket, and subject to applicable federal, state, or district laws, may make payment to the Estate or the designated beneficiary of the discounted present value of the annuitized prize payments. If the Product Group makes such a determination, then securities and/or amounts held to fund the deceased lottery winner's annuitized prize may be distributed to the Estate or the persons on the BDF. The identification of the securities, if any, to fund the annuitized prize shall be at the sole discretion of the Product Group.

(8) **Low-Tier Prizes:** All low-tier prizes (all prizes except the Grand Prize) shall be paid directly through the Lottery that sold the winning ticket. The Lottery may begin paying low-tier prizes after receiving authorization to pay from the MUSL central office.

(9) **Rounding of Grand Prize Payments:** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes other than the Grand Prize which, under OAR 177-085-0025(3)(c) and OAR 177-085-0065(9), 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.

(10) **Roll Over of Grand Prize:** 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.

(11) **Minimum Grand Prizes and Increases:** The Product Group may offer guaranteed minimum Grand Prize amounts or minimum increases in the Grand Prize amount between drawings or make other changes in the allocation of prize money where the Product Group finds that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum increase in the Grand prize amount between drawings is offered by the Product Group, then the Grand Prize amount shall be determined as follows.

(a) **All Winners Select Annuity:** If there are multiple Grand Prize winners during a single drawing, each selecting the annuitized option prize, then a winner's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of winners.

(b) **Mix of Lump Sum and Annuity:** If there are multiple Grand Prize winners during a single drawing and at least one of the Grand Prize winners has elected the annuitized option prize, then the best bid submitted by MUSL's pre-approved qualified brokers shall determine the cash pool needed to fund the guaranteed annuitized Grand Prize.

(c) **No Winners Select Annuity:** If no winner of the Grand Prize during a single drawing has elected the annuitized option prize, then the amount of the cash in the Grand Prize pool shall be an amount equal to the guaranteed annuitized amount divided by the average annuity factor of the most recent three best quotes provided by MUSL's pre-approved qualified brokers submitting quotes.

(d) **Changes in Allocation of Prizes:** In no case shall quotes be used which are more than two weeks old, and if less than three quotes are submitted, then MUSL shall use the average of all quotes submitted. Changes in the allocation of prize money shall be designed to retain approximately the same prize allocation percentages, over a year's time, set out in OAR 177-085-0025(3). Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in OAR 177-085-0025(3)(b) or (c) becomes necessary.

(12) **One Prize per Board:** The holder of a winning ticket may win only one prize per board 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.

(13) **Claim Expires in One Year:** Claims for all prize categories, including the Grand Prize, must be submitted within one year after the date of the drawing.

177-085-0040 Ticket Validation

To be a valid ticket and eligible to receive a prize, a Powerball® ticket shall satisfy all the requirements established by the Lottery for validation of winning tickets sold through its central computer system and any other validation requirements adopted by the MUSL Board, the Product Group, and published as the Confidential MUSL Minimum Game Security Standards. The Lottery and MUSL shall not be responsible for tickets which are altered in any manner. When a winning ticket is submitted to the Lottery for validation along with the Lottery's completed claim form, and the Lottery has initiated the validation procedures, the Lottery retains possession of the winning ticket and claim form.

177-085-0045 Ticket Responsibility

Until such time as a signature is placed in the area designated for signature, a ticket is owned by the bearer of the ticket. MUSL, the Product Group, and the Lottery are not responsible for lost or stolen tickets.

177-085-0050 Ineligible Players

(1) **MUSL Restrictions:** A ticket or share issued by the MUSL or 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, share-holders, 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) through (c) of this section and residing in the same household.

(2) **Local Lottery Restrictions:** Those persons designated by a party lottery's law as ineligible to play its game shall also be ineligible to play Powerball® in that party lottery's jurisdiction.

177-085-0065(T) Power Play®

(1) **General:** Power Play® is an optional, limited extension of the Powerball® Game described in OAR Division 85. The Lottery Director, in the Lottery Director's sole discretion and based on agreements with MUSL, is authorized to initiate and terminate the Power Play® option.

(2) **Set Prizes Only:** Power Play® increases the amount of any of the cash Set Prizes (the cash prizes normally paying \$4 to \$1,000,000) won in a drawing. The Grand Prize Jackpot is not a Set Prize and will not be increased.

(3) **Power Play® Purchase:** A qualifying Power Play® option play is any single Powerball® Play for which the player selects the Power Play® option on either the game slip or by selecting the

Power Play[®] option through a clerk-activated or player-activated terminal, pays one extra dollar for the Power Play[®] option play, and which is recorded at the Party Lottery's central computer as a qualifying play.

(4) **Qualifying Play:** Except as otherwise provided in these rules, a qualifying play which wins one of the eight lump sum Set Prizes (excluding the Grand Prize Jackpot) shall be paid as follows:

	Set Prize Amount	Power Play[®] Prize Amount
Match 5+0	\$1,000,000	\$2,000,000
Match 4+1	\$10,000	\$40,000
Match 4+0	\$100	\$200
Match 3+1	\$100	\$200
Match 3+0	\$7	\$14
Match 2+1	\$7	\$14
Match 1+1	\$4	\$12
Match 0+1	\$4	\$12

(5) **Power Play[®] Prize Pool:** The prize pool for all prize categories shall consist of up to 49.96 percent of each drawing period's sales, including any specific statutorily mandated tax on a Party Lottery to be included in the price of a lottery ticket, after the Powerball[®] prize reserve accounts are funded to the amounts set by the Product Group. Any amount remaining in the prize pool at the end of the Powerball[®] 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.

(6) **Power Play[®] Prize Reserve Accounts:** An additional 0.04 percent of sales, including any specific statutorily mandated tax on a Party Lottery to be included in the price of a lottery ticket, may be collected and placed in the rollover account or in trust in one or more prize reserve accounts until the prize reserve accounts reach the amounts designated by the Product Group.

(7) **Power Play[®] Payout:** Except as otherwise provided in these rules, all prizes awarded shall be paid as lump sum set prizes. Instead of the Powerball[®] set prize amounts, qualifying Power Play[®] option plays will pay the Power Play[®] prize amounts shown in section (4) of this rule. In certain rare instances, and as determined under OAR 177-085-0025(3)(c) and section (9) of this rule, the Powerball[®] set prize amount may be less than the amount shown in section (4) of this rule. In such case, the eight Power Play[®] prize amounts will be changed to an amount announced after the draw.

(8) **Prize Pool Carried Forward:** The prize pool percentage allocated to the Power Play[®] set prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

(9) **Pari-Mutuel Prizes – All Prize Amounts:** If the total of the original Powerball[®] set prizes and the Power Play[®] prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the set prizes (including the Power Play[®] prize amounts) awarded shall be drawn from the following sources, in the following order:

(a) The amount allocated to the set prizes and carried forward from previous draws, if any;

(b) An amount from the Powerball[®] Set-Prize Reserve Account, if available in the account, not to exceed \$40,000,000 per drawing; and

(c) If, after these sources are depleted, there are not sufficient funds to pay the set prizes awarded (including Power Play[®] prize amounts), then the highest set prize (including the Power Play[®] prize amounts) shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize, including the Power Play[®] prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all set prizes levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. In rare instances, where the Powerball[®] set prize amount may be funded but the money available to pay the full Power Play[®] prize amount may not be available due to an unanticipated number of winners, the Product Group may announce pari-mutuel shares of the available pool for the Power Play[®] payment only.

(10) **Prize Payment:** All Power Play[®] prizes shall be paid in one lump sum. The Lottery may begin paying Power Play[®] prizes after receiving authorization to pay from the MUSL central office.

(11) **Prizes Rounded:** Prizes, which under these rules may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next drawing.

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