

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES

8.04A – NORTH CAROLINA EDUCATION LOTTERY POWERBALL GAME RULES

General Rules

- A. The purpose of the Powerball on-line game is the generation of revenue for Party Lotteries, to which the North Carolina Education Lottery (“NCEL”) is a member, through the operation of a specially-designed multi-state lottery game that will award prizes to ticket holders matching specified combinations of numbers randomly selected in regularly scheduled drawings. These Rules shall apply to all NCEL Powerball ticket holders and claimants. These Rules incorporate the Multi-State Lottery (“MUSL”) Powerball Game Rules.
- B. During each Powerball drawing, six (6) Powerball Winning Numbers will be selected from two (2) fields of numbers in the following manner: five (5) winning numbers from a field of one (1) through fifty-nine (59) numbers, and one (1) winning number from a field of one (1) through thirty-nine (39) numbers.
- C. Definitions

Authorized Claim Center - Any NCEL Retailer or NCEL Office, based upon the prize claim limits as established by the NCEL.

Cash Option – The manner in which the Powerball Grand/Jackpot Prize may be paid in a single payment.

Claimant and Claim - Any person or entity submitting a claim form and such claim form is received by a NCEL Office within the one hundred eightieth day from the Powerball drawing date to collect a prize for an Official Powerball Ticket. A Claimant may be the Purchaser, the person or entity named on a signed Official Powerball Ticket, the bearer of an unsigned Official Powerball Ticket or any other person or entity who may seek entitlement to a Powerball prize payment in accordance with these Rules, the North Carolina Lottery Act, NCEL policies and procedures. No Claimant may assert rights different from the rights acquired by the original Purchaser at the time of purchase. A submitted claim does not guarantee payment.

Director(s) - The chief officers of the Party Lotteries or any other persons to whom the Directors' authority is lawfully delegated.

Official Powerball Ticket - A game ticket, produced on official paper stock by a NCEL Retailer or NCEL Office in an authorized manner, bearing player or computer selected numbers, game name, drawing date, amount of wager and validation data.

Party Lottery or Lotteries - One or more of the states who are members of the Multi-State Lottery Association and authorized to sell Official Powerball Tickets.

Prize Fund - That portion of Powerball 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.

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Purchaser(s) - Player(s) of Powerball who purchase tickets in accordance with these Rules, the North Carolina Lottery Act, NCEL policies and procedures.

Quick Pick, Auto Pick or Easy Pick - A player option in which Powerball number selections are determined at random by computer software.

NCEL Retailer - A retail location licensed, contracted and equipped by the NCEL to sell all NCEL games including Powerball.

Powerball Panel or Play Area - The area of an Official Powerball Ticket identified by an alpha character, A through E, containing one field of five (5) single or two-digit player or computer selected numbers, and a second field of one (1) single or two-digit player or computer selected number.

Powerball Play Slip - A computer-readable form, printed and issued by the NCEL, used in purchasing an Official Powerball Ticket, having up to five (5) separate play areas, with each play area consisting of two (2) fields. The first field contains fifty-nine (59) areas/spaces numbered one (1) through fifty-nine (59); the second field contains thirty-nine (39) areas/spaces numbered one (1) through thirty-nine (39).

Powerball Winning Numbers - Five (5) single or two-digit numbers, from one (1) through fifty-nine (59) and one (1) single or two-digit numbers from one (1) through thirty-nine (39), randomly selected at each Powerball drawing, which shall be used to determine winning Powerball plays contained on Official Powerball Tickets.

Power Play - A feature that gives players the opportunity to multiply their potential winnings by 2, 3, 4 or 5 times the original amount (excluding the Grand/Jackpot and Match 5 Bonus prizes). Power Play multiplier for the Match 5 Second Tier Prize Category shall be fixed at a minimum of 5. All set prizes and Power Play prizes, including the Match 5 Second Tier Prize Category, may be reduced if claims exceed available prize fund. The multiplier feature, including the Match 5 Second Tier Prize Category, may be increased for promotional purposes and for limited time, at the discretion of the Party Lotteries.

D. Ticket Sales

Multidraw Feature:

1. The maximum number of consecutive drawings encompassed by Multidraw Purchase is twenty-six (26).
2. In the event the Party Lotteries authorize a matrix change for Powerball, Multidraw tickets will be honored. Prior to introducing a new matrix, the NCEL will incorporate a Multidraw step down feature that will reduce the Multidraw option from twenty-six (26) to zero (0). The Purchasers, however, will not be granted a refund for the balance of plays on their Multidraw Purchase.

E. Ticket Price

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1. Official Powerball Tickets may be purchased for \$1.00, per play, or multiples thereof in the case of a Multidraw wager, at the discretion of the Purchaser. The Purchaser receives one play for each \$1.00 wagered in Powerball.
2. The Power 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.
3. The NCEL may authorize sale of Official Powerball Tickets at a discount for promotional purposes.

F. Play Characteristics and Restrictions

1. Official Powerball Tickets may not be purchased in any other Party Lottery state by any NCEL member or commissioner. Official Powerball Tickets may not be purchased in North Carolina by a member of the Commission, the Director, or any NCEL employee, or any spouse, child, or parent residing in the same household of such disqualified person.
2. Under no circumstances will a claim be paid for either the Grand/Jackpot Prize, the Second Level Prize or the Third Level Prize without an Official Powerball Ticket matching all game play, serial number and other validation data residing in the NCEL's Online gaming system computer and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming any prize.
3. Official Powerball Tickets may not be canceled.
4. Purchasers may submit a manually completed Powerball Play Slip to a NCEL Retailer or NCEL Office to have issued an Official Powerball Ticket. Powerball Play 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 Play Slips is prohibited.
5. Purchasers may orally convey their selections to a NCEL Retailer or NCEL Office to have issued an Official Powerball Ticket. Such selections shall be manually entered into the computer terminal by the NCEL Retailer or NCEL Office.
6. It shall be the sole responsibility of the Purchaser to verify the accuracy and condition of the data printed on the Official Powerball Ticket at the time of purchase.

G. Time of Drawing

Powerball drawings shall be conducted at 10:59 p.m. Eastern Time (9:59 p.m. Central Time, 7:59 p.m. Pacific Time). Powerball drawings shall be conducted on both Wednesday and Saturday at the designated time.

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H. Powerball Prize Structure

1. Matrix of 5/59 and 1/39 with 50% Anticipated Prize Fund Match

Match Field 1	Match Field 2	Odds	Prize Category
5	1	1:195,249,054	Grand/Jackpot
5	0	1:5,138,133	Second
4	1	1:723,145	Third
4	0	1:19,030	Fourth
3	1	1:13,644	Fifth
3	0	1:359	Sixth
2	1	1:787	Seventh
1	1	1:123	Eighth
0	1	1:62	Ninth
Reserve			
Totals		1:35	

2. Grand/Jackpot Prize Payments

- a. Prior to each drawing, the Directors shall determine the Grand/Jackpot Prize amount to be advertised. The advertised Grand/Jackpot Prize amount shall be the basis for determining the amount to be awarded to each winner(s), equally divided by the number of tickets with Powerball Panels matching all five (5) of the Powerball Winning Numbers drawn for Field 1 and the one (1) Powerball Winning Number drawn for Field 2. No Annuitized Grand/Jackpot Prize, as payable to the single winner of a drawing, shall be less than \$20 million.
- b. Grand/jackpot prizes shall be paid, at the election of the player made no later than 60 days after the player becomes entitled to the prize, with either a per winner annuity or cash payment. An election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed.
- c. If, in any Powerball drawing there are no Powerball Panels which qualify for the Grand/Jackpot Prize category, the portion of the Prize Fund allocated to such Grand/Jackpot Prize category shall remain in the Grand/Jackpot Prize category and be added to the amount allocated for the Grand/Jackpot Prize category in the next consecutive Powerball drawing.
- d. If the Annuitized Grand/Jackpot Prize divided by the number of Powerball Panels matching all five (5) of the five (5) Powerball Winning Numbers for Field 1 and the one (1) Powerball Winning Number for Field 2 is equal to or greater than \$1,000,000, the Grand/Jackpot Prize(s) will be paid under the Annuity Option, unless a Cash Option was offered to and accepted by the Grand/Jackpot Prize

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Claimant as prescribed in the North Carolina Lottery Act, rules, policies or procedures. If no declaration is made by close of business on the 60th day after the prize has been claimed, the prize shall be paid under the Annuity Option. No Grand/Jackpot Prize payment 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.

- e. Annuity Option Grand/Jackpot Prizes shall be paid in thirty (30) installments by the NCEL. The initial payment shall be paid upon completion of internal validation procedures. The subsequent twenty-nine (29) graduated payments shall be paid annually to coincide with the month of the federal auction date at which the bonds were purchased. All such payments shall be made within seven (7) days of the anniversary of the actual auction date.
 - f. Cash Option Grand/Jackpot Prizes shall be paid in a single payment upon completion of internal validation procedures. The Cash Option amount offered may be either the amount determined by multiplying the annuitized prize amount by a discount value set by Powerball Finance Committee prior to each drawing (the "Cash Equivalent Grand/Jackpot Prize"), divided by the number of Grand/Jackpot Prize winners, or the proceeds of the sale of bonds purchased to fund the particular winner's share of the Annuitized Grand/Jackpot Prize amount, at the discretion of the NCEL. The Claimant has until the close of business on the 60th day after the date the Claimant submits a claim for payment to select the Cash Option Grand/Jackpot Prize method of payment. No payment will be processed under the Cash Option Grand/Jackpot Prize provision until the Claimant submits a form irrevocably selecting said payment option.
 - g. In the event multiple Powerball Panels match all five (5) of the five (5) Powerball Winning Numbers for Field 1 and the one (1) Powerball Winning Number for Field 2, and the Annuitized Powerball Grand/Jackpot Prize divided by the number of winning game panels is less than \$1,000,000, each Powerball Grand/Jackpot Prize winner shall be paid an amount equal to the Cash Equivalent Grand/Jackpot Prize divided equally by the number of Grand/Jackpot Prize winners. Each such Grand/Jackpot Prize winner will be paid in a single cash payment.
3. Second through Ninth Level Prizes
 - a. Powerball Panels matching five (5) of the five (5) Powerball Winning Numbers drawn for Field 1, but not matching the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Second Prize of \$200,000*.

Match 5 Bonus Prize for Second Tier Prize Category

Whenever the Powerball Grand/Jackpot prize reaches a record level, the amount of the Grand/Jackpot prize is limited to increases for each draw of no more than

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\$25,000,000. The prize money collected in excess of the maximum \$25,000,000 increase will be placed into the Match 5 Bonus prize pool and will accumulate until there is a Grand/Jackpot winner. When there is a jackpot winner, the Match 5 Bonus prize pool will be divided equally among all winners of the Match 5 Second Tier Prize Category winners. The prize will be paid in a single cash payment. The Match 5 Bonus prize is in addition to any Power Play prizes that may be won and is not multiplied by the Power Play multiplier. If there is no Match 5 Second Tier Prize Category winner for a drawing where the Grand/Jackpot prize is won and a Match 5 Bonus prize pool exists, the Match 5 Bonus prize pool will be paid out to the Third Tier Prize Category winners.

- b. Powerball Panels matching four (4) of the five (5) Powerball Winning Numbers drawn for Field 1 and the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Third Prize of \$10,000*.
- c. Powerball Panels matching four (4) of the five (5) Powerball Winning Numbers drawn for Field 1 but not matching the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Fourth Prize of \$100*.
- d. Powerball Panels matching three (3) of the five (5) Powerball Winning Numbers drawn for Field 1 and the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Fifth Prize of \$100*.
- e. Powerball Panels matching three (3) of the five (5) Powerball Winning Numbers drawn for Field 1 but not matching the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Sixth Prize of \$7.
- f. Powerball Panels matching two (2) of the five (5) Powerball Winning Numbers drawn for Field 1 and the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Seventh Prize of \$7.
- g. Powerball Panels matching one (1) of the five (5) Powerball Winning Numbers drawn for Field 1 and the Powerball Winning Number drawn for Field 2 shall be entitled to receive an Eighth Prize of \$4.
- h. Powerball Panels matching no numbers (0) of the five (5) Powerball Winning Numbers drawn for Field 1 but matching the Powerball Winning Number drawn for Field 2 shall be entitled to receive a Ninth Prize of \$3.
- i. Each Powerball Second through Ninth prize shall be paid in one payment.

*All set prizes and Power Play prizes, including the Match 5 Second Tier Prize Category, may be reduced if claims exceed available prize fund. If the total of the original Powerball set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, the Second through Fifth prizes, beginning with the highest set prizes, may be paid on a Pari-Mutuel rather than

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fixed prize basis, provided, however, that in no event shall the Pari-Mutuel prize be greater than the fixed prize.

4. In a single drawing, a Claimant may win in only one prize category per single Powerball Panel in connection with Powerball Winning Numbers, and shall be entitled only to the highest prize.
5. All prizes, except for the Grand/Jackpot Prize and the Match 5 Second Tier Prize Category, are multiplied by the Power Play number. However, the Power Play multiplier for the Match 5 Second Tier Prize Category shall be fixed at a minimum of 5 times, regardless of the Power Play number revealed. If the total of the original Powerball set prizes and the multiplied Power Play set prizes awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, the Second through Fifth prizes, beginning with the highest set prizes, may be paid on a Pari-Mutuel rather than fixed prize basis, provided, however, that in no event shall the Pari-Mutuel prize be greater than the fixed prize. In rare instances, where the Powerball set prize amount may be funded but the money available to pay the full multiplier may not be available due to an unanticipated number of winners, the Party Lotteries may announce pari-mutuel shares of the available pool for the Power Play payment only. The Match 5 Bonus prize pool amount is not multiplied by the Power Play number.
6. For purpose of prize calculation with respect to any Powerball Pari-Mutuel prize, the calculation shall be rounded down so that prizes shall be paid in multiples of one dollar (\$1.00).

With respect to any Powerball Annuitized Grand Prize, the prize amount shall be rounded to the next highest affordable multiple of one million dollars, based upon market rates at the time of the purchase.

7. The number of prize categories and the allocation of the Prize Fund among the prize categories may be changed at the discretion of the Directors, for promotional purposes. Such change shall be announced by public notice.
- I. Ticket Validation Requirements
 1. In order to be deemed a valid, winning Official Powerball Ticket, all of the following conditions must be met:
 - a. The ticket data 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 NCEL gaming system, the wager accepted by the NCEL gaming system shall be the valid wager;

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- b. The player or computer number selections, security code 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;
 - c. The ticket must not be mis-registered, deceptively printed or printed or produced in error to an extent that it cannot be processed by the NCEL;
 - d. The ticket must pass validation tests using a minimum of three (3) of the five (5) validation methods as defined in the Powerball Finance and Operations Procedures, Section 15. In addition, the ticket must pass all other confidential security checks of the NCEL;
 - e. In submitting an Official Powerball Ticket for validation, the Claimant agrees to abide by all applicable laws, rules and regulations, instructions, conditions and final decisions of the NCEL;
 - f. There must not be any other breach of these Powerball Rules in relation to the ticket which, in the opinion of the NCEL Director, justifies invalidation; and
 - g. The ticket must be submitted to the jurisdiction where such ticket was purchased.
2. An Official Powerball Ticket submitted for validation which fails any of the preceding validation conditions shall be considered void, subject to the following determinations:
- a. In all cases of doubt, the determination of the NCEL Director shall be final and binding; however, the NCEL Director may, at his/her option, replace an invalid ticket with an Official Powerball Ticket of equivalent sales price;
 - b. In the event a defective ticket is purchased or in the event the NCEL Director determines to adjust an error, the sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with an Official Powerball Ticket of equivalent sales price; or
 - c. In the event an Official Powerball Ticket is not paid by the NCEL and a dispute occurs as to whether the ticket is a winning ticket, the NCEL may, at its option, replace the ticket as provided in paragraph (a) of this subsection. This shall be the sole and exclusive remedy of the Claimant.
- J. Procedure for Claiming and Payment of Prizes
- 1. Prizes shall be redeemed or claimed only in the jurisdiction where the Official Powerball Ticket was purchased, effective upon determination of prize payouts, for a period of 180 days from the drawing date. Any prizes less than \$600 from NCEL Powerball ticket may be claimed at any one of the NCEL Retailers or NCEL Offices. Any prizes \$600 to \$99,999 from NCEL Powerball ticket must be submitted to the NCEL's Headquarters or a Regional Office by the end of the business day (local standard time), as posted by the

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NCEL, on the 180th day from the drawing date. Any prizes \$100,000 or greater from NCEL Powerball ticket must be submitted in person at the NCEL's Headquarters by the end of the business day (local standard time), as posted by the NCEL, on the 180th day from the drawing date. If the 180th calendar day falls on a day in which the NCEL is not open for business, the ticket must be claimed by the end of the NCEL's next business day.

2. Claimants of a winning Official Powerball Ticket must comply with the prize claim requirements of the NCEL, including signing the back of the original ticket.
 3. In the event that a single Official Powerball Ticket contains two (2) or more winning game panels, the cumulative prize amount shall be claimed or redeemed in accordance with the specified prize payment limits as established by the NCEL.
 4. Federal, State and Local (if applicable) withholding taxes, state debt setoff amount, where applicable, shall be withheld from Powerball prizes by the NCEL in such amounts as may be required by law.
 5. Powerball prizes shall not be paid to any person prohibited from playing Powerball in a particular Party Lottery state by these Rules or by the governing law or rules of that Party Lottery or any contract executed by that Party Lottery.
 6. There shall be no assignment of Powerball prizes.
 7. The name and community of a winner may be disclosed in a press conference or in a press release and the winner may be required to participate in a press conference.
- K. Unclaimed Prize Money
- For winning Official Powerball Tickets for which no claim or redemption is made within the specified claim period as set forth in these Rules, the corresponding prize monies shall be returned to the NCEL in accordance with procedures for the reconciliation of prize liability as, stated in the Finance and Operations Procedures for Powerball as agreed to by the Directors of the Party Lotteries.
- L. Governing Law: In purchasing a NCEL Powerball ticket, the Purchaser agrees to comply with and be bound by the North Carolina Lottery Act, NCEL rules, policies and procedures, and by directives and determinations of the NCEL Director. The Purchaser agrees that, as its sole and exclusive remedy, claims arising out of any NCEL Powerball ticket can be pursued only against the NCEL. Litigation, if any, shall only be maintained against the Party Lottery of the state of ticket purchase and within the state of ticket purchase.
3. All decisions made by the Directors of the Party Lotteries, including the declaration of prizes and the payment thereof and the interpretation of Powerball Rules, shall be final and binding on all Purchasers and on every person making a claim in respect thereof.