

## IOWA LOTTERY GAME SPECIFIC RULES

The following are the game specific rules for the Iowa Lottery computerized game called Hot Lotto.

These rules correspond to the Computerized Lottery Games General Rules in the Iowa Administrative Code Section 531 Chapter 20.

531-20.3(99G) Method of play. Hot Lotto is a five (5) out of forty-seven (47) plus one (1) out of nineteen (19) on-line lottery game which pays the Jackpot Prize as a cash lump sum payment of the total cash held for this prize pool 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 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 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 “easy pick” from the agent. The agent 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 play slip into the machine. 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.

Hot Lotto Sizzler Promotion. The Hot Lotto Sizzler Promotion is an add-on to the current Hot Lotto 5/47 + 1/19 game. Players who elect to pay an extra dollar (\$1.00) per Hot Lotto play will have the chance to multiply the amount of any of the Set Prizes (not the Grand Prize Jackpot) by three (3). Players who pay the extra dollar and who win any set prize, except the jackpot prize, will receive an amount equal to the set prize multiplied by three (3).

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

A qualifying play which wins one 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.

If the player has elected the Hot Lotto Sizzler Promotion, the winning matches and the probabilities for matching the numbers drawn stay the same. Instead of the Hot Lotto set prize amounts, qualifying Sizzler plays will pay the amounts shown:

## Prize Payout with Sizzler Promotion

Hot Lotto Prize Amount	Hot Lotto Sizzler 3X	
Match 5+0	\$30,000	\$90,000
Match 4+1	\$3,000	\$9,000
Match 4+0	\$100	\$300
Match 3+1	\$50	\$150
Match 3+0	\$6	\$18
Match 2+1	\$6	\$18
Match 1+1	\$3	\$9
Match 0+1	\$2	\$6

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 amounts. For example, if the Match 5 of the first set and none of the second set Hot Lotto set prize amount of \$30,000 becomes \$27,000 under the rules of the Hot Lotto game, then a Sizzler player winning that prize would win \$81,000 (\$27,000 x 3).

531-20.4(99G) Cancellation by a player. 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 which can be used to claim a prize shall be returned to the lottery for credit. Tickets accepted by retailers as returned tickets and which cannot be re-sold shall be deemed owned by the bearer thereof.

531-20.4(1) 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.

531-20.5(99G) Prizes and odds.

20.5(1) The following table sets forth the odds of winning in each prize category, the prize amount in each prize category and the percentage of the total prize pool allocated to each prize category. The Jackpot Prize 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:

<u>Number of Matches Per Play</u>	Prize Pool		<u>Probable Percentage</u>
	<u>Odds</u>	<u>Prize</u>	
All five (5) of first set plus one (1) of second set	29,144.841.000000	Jackpot	52.1188%
All five (5) of first set and none of second set	1,619,157.833333	\$30,000	3.7056%
Any four (4) of first set plus one (1) of second set	138,784.957143	\$3,000	4.3232%
Any four (4) of first set and none of second set	7,710.275397	\$100	2.5940%

Any three (3) of first set plus one (1) of second set	3,384.998955	\$50	2.9542%
Any three (3) of first set and none of second set	188.055497	\$6	6.3811%
Any two (2) of first set plus one (1) of second set	253.874922	\$6	4.7268%
Any one (1) of first set plus one (1) of second set	52.076907	\$3	11.5214%
None of first set plus one (1) of second set	34.261123	\$2	11.6750%

Overall odds of winning any prize are 1 in 17.217787.

20.5(2) Jackpot prizes shall be paid with a single cash payment. Shares of the Jackpot Prize shall be determined by dividing the cash available in the Jackpot Prize pool equally among all winners of the Jackpot Prize.

A Grand Prize winner shall receive a “Withholding Taxes Paid Prize”. “Withholding Taxes Paid Prizes” mean prizes where the Party Lottery pays the prize winner a net prize amount, that consists of the Party Lottery reducing the “gross prize value” by the required federal and jurisdictional withholding taxes (if any), and withholding and depositing on behalf of the prize winner the required federal and jurisdictional withholding taxes (if any) on the “gross prize value” and the Party Lottery paying the prizewinner 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.

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 prize winner and also the amount remitted as withholding taxes to the federal and jurisdictional authorities (if any) on behalf of the 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 prizewinner files all tax returns for the year the prize is claimed; Prizewinners should verify personal tax liability with a financial adviser.

20.5(3) All prizes, other than jackpot prizes, shall be paid in cash or by draft. Prizes may be paid after receiving authorization to pay from the MUSL central office.

20.5(4) Prizes other than the Jackpot Prize, which under these rules, 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.

20.5(5) If the jackpot prize is not won in a drawing, the prize money allocated for the jackpot prize shall roll over and be added to the jackpot prize pool for the following drawing.

20.5(6) The prize pool for all prize categories shall consist of 50 percent 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 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.

20.5(7) 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 reserve accounts when the 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 Grand Prize Pool and placed in trust in one (1) or more prize reserve accounts when the Grand Prize exceeds \$5,000,000.00 until the 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 accounts 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 Set-Aside Account, which is used to guarantee payment of the minimum or starting Grand Prize; the Hot Lotto Sizzler Rollover 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.

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. The Product Group, with approval of the Finance & Audit Committee, may establish a maximum balance for the prize reserve account(s). The Product Group may determine to expend all or a portion of the funds in the reserve accounts for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the participating lotteries, subject to the approval of the Board. The shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Party Lotteries. Any amount remaining in a prize reserve account at the end of this 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.

20.5(8) The prize money allocated to the jackpot prize category shall be divided equally by the number of Plays winning the jackpot prize.

20.5(9) 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.

20.5(10) If the total of set prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund all set prizes awarded shall be drawn from the following sources in the following order: (i) the amount allocated to the set cash 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.

20.5(11) The Product Group may offer guaranteed minimum jackpot prize amounts or minimum increase in the jackpot 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 jackpot prize amount or a minimum increase in the jackpot prize amount between drawings is offered by the Product Group, then the jackpot prize shares shall be determined as follows. If there are multiple jackpot prize winners during a single drawing, then a winner's share of the jackpot prize shall be determined by dividing the jackpot prize by the number of winners. 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 these rules. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in Rule 20.5(10) becomes necessary.

531-20.9(99G) Price. A game play in the Hot Lotto lottery game shall sell for \$1 including sales tax.

531-20.12(99G) Ticket Validation Requirements. A ticket (subject to the validation requirements set forth in this Rule) shall be the only proof of a game play or plays and the submission of a winning ticket to the 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. To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by the Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adopted by the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL or the Lottery shall not be responsible for tickets which are altered in any manner. 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.

531-20.13(99G) Claim period. All prizes must be claimed as directed within 365 calendar days of the drawing in which the prize was won. For purposes of determining the claim period, the first (draw) day shall be excluded, and the last day included. In the event the last day falls on a Saturday, a Sunday, a legal holiday or any day appointed or recommended by the Governor of Iowa or the President of the United States as a day of fasting or thanksgiving, the time to claim shall be extended to close of business on the next day thereafter when Lottery offices are open for business. Any prize not claimed within the specified period shall be forfeited.

531-20.19(99G) Multi-draw plays. Multi-draw plays may be available for up to 10 consecutive drawings.

531-20.20(99G) Drawings. Two drawings shall be held each week. Drawings shall be held each Wednesday and each Saturday. Tickets are valid for only the draw date(s) shown on the ticket.

531-20.21 In purchasing a ticket, the purchaser agrees to comply with and abide by **all applicable laws, rules, regulations, procedures, and decision of the Party Lottery** where the ticket was purchased.

Disclaimer: Rules posted are effective on the date listed on page 1. Rules in effect prior to the last posting date may be obtained by contacting the Iowa Lottery at 2323 Grand Avenue, Des Moines, IA 50312 or telephone: 515/725-7900.