

STATE LOTTERY

FAQs

Here's a compiled list of questions that lotteries across the US have asked about PoolingPLUS.

Why do we need PoolingPLUS™? Because online play is eroding and player interest (especially from infrequent players) is diminishing – except at ever-increasingly high jackpot levels. Lotteries need a way to get players in all categories excited about online play again, playing earlier and more frequently. Our extensive experience, trial and research clearly indicates players would be excited about pooling and would readily spend an extra \$1 to receive 10 more chances to win. That extra dollar could increase your online ticket sales by 20 to 30%.

How can we be sure our Players want it? We will provide you with a ready to go online survey that you can deploy with your players. You can click on the "Free Player Survey" link on the left to view a sample survey.

What is PoolingPLUS™? It is a combination transaction that combines pooled plays with 100% owned plays resulting in a combination ticket. It gives ALL players who first purchase the required 100% owned plays access to pooling.

How would PoolingPLUS™ be used to construct a promotion? The lottery has five parameters to work with to create each promotional offer. These are: 1) The required purchase; 2) The size of the pool; 3) The number of pools; 4) Any Jackpot Level triggers; and 5) Any special day, date, or Holiday triggers. Each parameter can be adjusted to create dozens of offers. Click on the "Sample Promos" link to the left for examples.

Are any game changes required? No.

Will it work with any ONLINE game? Yes. PoolingPLUS™ works best with any jackpot driven game, even the ones with jackpots as small as \$50,000. However, it would probably not work as effectively with smaller prize games such as the Daily 3 or 4 games.

Will it work with Multi-Draws? Yes. Players could receive a Multi Draw lottery pool.

How can we do this without the need of an RFP? PoolingPLUS™ is a patented, one-of-a-kind program, making RMS a sole source provider.

What is required 'technically' to get the program implemented? We provide all the software specifications (or we can provide our software program) and we work with your online vendor to make any necessary additions or changes to the lottery's existing software.

What are the security risks? None. You and your online vendor control everything, and we have NO ACCESS to anything.

Where do the pooling tickets come from? Using the example of a pool size of ten plays (tickets), the lottery's software would internally generate and store one or more pools of ten plays each, and each pool would be assigned a unique pool number.

What happens when each player makes a purchase? The purchase of the 100% owned plays and pooling plays is done with a single transaction. The retailer would just press a key that indicates the player is adding a pool and both the 100% owned plays and pooled plays would be printed on the ticket.

Does the Lottery receive full-price for the tickets? Yes. The Lottery would receive \$10 for each 10 ticket pool.

How does the system keep track of the pool? The lottery's software would assign the same transaction serial number that is assigned to the ticket, to the lottery pool. With each purchase, the software would increment the ownership percent of the pool by 10%. Once the pool reaches 100%, it would be flagged as closed.

What happens if the last pool is partially filled? The base system is designed so there is only one pool open at a time. Therefore, when the sales cutoff time is reached, it is possible that the last pool would only be partially full. In perspective, however, the occurrence and cost per drawing to the state for any open pool positions will be negligible, \$9 or less. The lottery may have sold tens of thousands of pools, but only the last pool could possibly be partially filled. There are several solutions, some of which are as follows:

1. Treat the unsold portion of a pool like a promotional ticket. The multi-state reconciliation would not be any different than it is now, and any unclaimed prizes would go to the state like any other unclaimed prize.
2. When reconciling the prize liability after each drawing between the state and MUSL (or Mega Millions), include an adjustment for the unsold portion of a pool. Thus, if a 10 play pool were only 70% sold out, the prize liability for those 10 plays would be \$3.50 instead of \$5.00. Likewise, the expected prize payout would only be 70% for those 10 plays. Thus, the state won't receive or retain any prizes for any unsold pooling shares.
3. Include a list of beneficiaries into the state's rules for a pooling option, assigning the ownership of any unsold pooling shares to those beneficiaries just like the state does now when it gives away promotional lottery tickets. The only prize money paid to the beneficiaries would be a result of their ownership. The back office

computer system can automatically keep track of any prize accumulations with periodic payments to the beneficiaries.

4. Have a separate cutoff time for any pool creation, say 10 to 15 minutes prior to the regular cutoff time.

Under any scenario, unfilled pool positions can either be prevented or there are several options to cover the negligible cost. RMS is also willing to reimburse the lottery for any unsold shares with no ownership being taken for those shares.

What does RMS recommend for wins less than \$1.00?

There are at least 3 methods lotteries can choose from to handle small winnings. Discussed below is one of those methods, for more info on other methods please contact us.

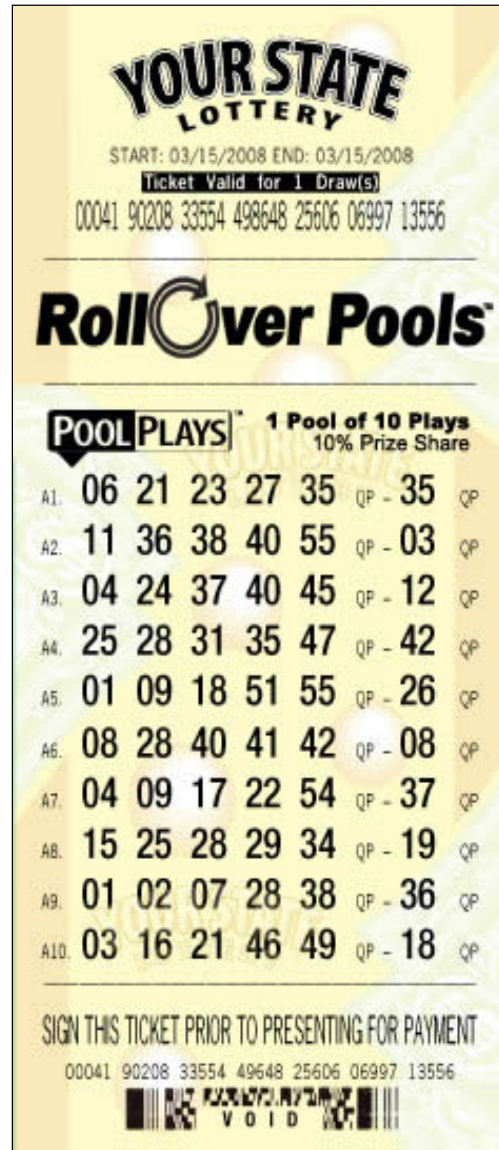
The Lottery can turn these ‘small wins’ into exciting winning experiences for players through a win-win incentive promotion called “ROLLOVER POOLS™.”

Using ROLLOVER POOLS™ as a perceived ‘valuable’ incentive will further bolster the positive impressions players will experience from how fast and how often they will have ‘winners’ with PoolingPLUS™, and of how close they came (1 number away) to a much bigger win.

Here’s a brief overview of one possible ROLLOVER POOL™ promotion: Give the player a new pool of plays by rounding up all small wins to either a free 5-play or 10-play pool. As always, players would own 10% of any winnings.

The winning ticket would be scanned and a new pool of plays would be automatically printed making the process for the retailer seamless and simple. Importantly, this would put players back at the point of purchase where they could also purchase other store merchandise and lottery products.

Both the players and the lottery will benefit significantly by issuing pools instead of cash payments for the small prizes. In Powerball, for example, the lottery will save 16% to 37% on payouts for \$3, \$4, and \$7 prizes shared by pools because the cost to the Lottery of a pooling ticket is only 50% of the ticket value. At the same time, the players will receive an increased payout of 25% to 67% when comparing the value of the pool to the



cash value of the prizes.

Lastly, the 5 and 10-play pools will be exciting prizes for the players. Where else can a player get 5 or 10 plays without spending \$5 or \$10? They can't. Players would probably not make a stop at the store to collect a \$1 or \$2 prize, but they would make a stop to pick up a ticket giving them 5 or 10 chances to make them a multi-millionaire! This method of paying small change winners in the form of a new pool of plays will turn small wins into exciting wins.

Best of all, EVERYONE benefits and nothing is discounted.