
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 2, 2018**

SCIENTIFIC GAMES CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State of incorporation)

81-0422894
(IRS Employer
Identification No.)

0-13063
(Commission File Number)

6601 Bermuda Road, Las Vegas, Nevada 89119
(Address of principal executive offices) (Zip Code)

(702) 897-7150
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure of President and Chief Executive Officer, Appointment of Director and President and Chief Executive Officer

On May 2, 2018, Scientific Games Corporation (the “Company”) announced that Barry L. Cottle will succeed Kevin M. Sheehan as President and Chief Executive Officer of the Company effective as of June 1, 2018 (the “Effective Date”). Mr. Cottle will be appointed to the Company’s Board of Directors (the “Board”) also effective as of the Effective Date. In his role as a director, Mr. Cottle will serve on the Compliance Committee and the Executive and Finance Committee of the Board in the place of Mr. Sheehan. Mr. Sheehan will remain a member of the Board and is expected to continue to provide services to the Company as senior advisor to the President and Chief Executive Officer.

Mr. Cottle, 57, joined the Company in August 2015 and, prior to his appointment as President and Chief Executive Officer, served as the Company’s Chief Executive, SG Interactive. Before joining the Company, Mr. Cottle served as Vice Chairman of Deluxe Entertainment Services Group Inc. while concurrently serving as Senior Vice President of Technology at MacAndrews & Forbes Incorporated where he helped drive digital innovation. Prior to that, he was the Chief Revenue Officer and Executive Vice President — Games for Zynga Inc., where he led corporate and business development, strategic partnerships, distribution, marketing and advertising. Previously, Mr. Cottle served as the Executive Vice President — Interactive for Electronic Arts Inc. for five years. Earlier in his career, Mr. Cottle served as the Founder/Chief Executive Officer of Quickoffice, Inc.; Chief Operating Officer of Palm, Inc.; and Senior Vice President of Disney TeleVentures, a division of The Walt Disney Company dedicated to creating interactive online/TV experiences. Mr. Cottle earned an MBA from Kellogg School of Management at Northwestern University.

Description of Employment Agreement with Mr. Cottle

The Company has entered into an employment agreement (the “Employment Agreement”) with Mr. Cottle. The term of the Employment Agreement begins on the Effective Date and extends through May 31, 2021, subject to automatic extension for an additional year at the end of the term and each anniversary thereof unless timely notice of non-renewal is given by either the Company or Mr. Cottle.

Under the Employment Agreement, Mr. Cottle will receive an annual base salary of \$1,750,000 and will have the opportunity to earn 100% of his base salary as incentive compensation (“Target Bonus”) upon achievement of target level performance for a given year and the opportunity to earn 200% of his base salary upon achievement of maximum level performance for a given year. For 2018, Mr. Cottle’s incentive compensation, if earned, will be calculated at a blended rate based on his base salary in effect from January 1, 2018 through the date immediately preceding the Effective Date and his base salary from and after the Effective Date.

In connection with his appointment as President and Chief Executive Officer, the Company will grant to Mr. Cottle in 2018 (i) a special equity award consisting of 300,000 restricted stock units (the “Special RSUs”) and (ii) annual equity awards with a grant date value equal to 250% of Mr. Cottle’s base salary, prorated for the number of days in the calendar year from and after the Effective Date (the “Annual Equity Awards”), consisting of time-vesting restricted stock units, time-vesting stock options and performance-conditioned stock options in equal amounts. The Special RSUs will be granted on or prior to June 11, 2018, with 200,000 of the Special RSUs vesting on the third anniversary of the grant date based on the Company’s achievement of certain Attributable EBITDA targets measured from the Effective Date through May 31, 2021 (the “Performance-Conditioned Special RSUs”) and the remaining Special RSUs (the “Time-Based Special RSUs”) vesting one-third on each of the first three anniversaries of the grant date. The Annual Equity Awards will vest on a four-year vesting schedule, with the vesting dates falling on each of June 1, 2019, 2020, 2021 and 2022, with vesting of the performance-conditioned stock options subject to a similar performance condition as is applicable to the performance-conditioned stock options granted to other members of the Company’s senior executive team on March 30, 2018. Beginning in 2019, Mr. Cottle will be eligible to receive annual equity awards with a grant date value targeted at approximately 250% of his base salary, in the discretion of the Compensation Committee of the Board and in accordance with the Company’s plans and programs for senior executives of the Company.

If Mr. Cottle’s employment is terminated by the Company without “Cause” or by Mr. Cottle for “Good Reason” (as such terms are defined in the Employment Agreement) or if the Company provides Mr. Cottle with a notice of non-renewal of the term of the Employment Agreement, then he would be entitled to receive: (i) a pro rata bonus (if any) for the year of termination; (ii) an amount equal to one times (1X) the sum of his base salary and “severance bonus amount” (generally, an amount equal to the highest annual incentive compensation (if any) paid to Mr. Cottle in respect of the two (2) most recent fiscal years but not more than his Target Bonus for the year of termination); (iii) treatment of his long-term incentive awards as set forth in any applicable award document; and (iv) payment of COBRA premiums for up to 12 months, less the amount of employee contributions for similarly-situated active employees, if Mr. Cottle elects to continue medical coverage under the Company’s group health plan in accordance with COBRA. With respect to the Special RSUs, if Mr. Cottle’s employment is terminated by the Company without Cause or by Mr. Cottle for Good Reason prior to the third anniversary of the grant date, Mr. Cottle will receive a prorated portion of the Performance-Conditioned Special RSUs, based on actual performance (measured as of the 12-month period ending at the last completed calendar quarter), and if such termination occurs on or prior to the first anniversary of the Effective Date, Mr. Cottle will also receive one-third of the Time-Based Special RSUs. If Mr. Cottle’s employment is terminated by the Company without Cause or

by Mr. Cottle for Good Reason upon, or within one (1) year after, a “Change in Control” (as such term is defined in the Employment Agreement), then he would be entitled to receive the payments and benefits described above, except that the amount set forth in clause (ii) would be multiplied by two (2).

The Employment Agreement provides for a “best net cutback” in the event any payments or benefits to Mr. Cottle would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended.

In the event of Mr. Cottle’s death, his beneficiary or estate would be entitled to receive any benefits that may be payable under any life insurance benefit of Mr. Cottle for which the Company pays premiums. In the event Mr. Cottle’s employment is terminated due to his “Total Disability” (as such term is defined in the Employment Agreement), he would be entitled to receive any amounts due under any Company disability policy. In the event of Mr. Cottle’s death or Total Disability, his equity awards will be treated in accordance with the applicable award agreement.

The Employment Agreement also contains, among other things, covenants imposing certain obligations on Mr. Cottle with respect to confidentiality and proprietary information, and restricting his ability to engage in certain activities in competition with the Company, or solicit employees and/or customers of the Company, during his employment and for a period of 12 months after termination.

Item 7.01. Regulation FD Disclosure.

On May 2, 2018, the Company issued a press release announcing that Mr. Cottle will succeed Mr. Sheehan as President and Chief Executive Officer of the Company as of the Effective Date. A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 7.01 as well as in Exhibit 99.1 is furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and such information shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Scientific Games Corporation, dated May 2, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SCIENTIFIC GAMES CORPORATION

Date: May 8, 2018

By: /s/ Michael A. Quartieri
Name: Michael A. Quartieri
Title: Executive Vice President, Chief Financial Officer, Treasurer and
Corporate Secretary



Scientific Games Announces Barry Cottle as New President and Chief Executive Officer

Kevin Sheehan to Remain as Senior Advisor — Cottle to Focus on Driving Current Growth Strategies and Unifying the Player Experience Across Retail and Digital

Tim Bucher to Join Company as Chief Product Officer

LAS VEGAS — May 2, 2018 — Scientific Games Corporation (NASDAQ: SGMS) (“Scientific Games” or the “Company”) today announced new executive appointments. Barry Cottle, currently Chief Executive Officer of SG Interactive, will become the Company’s new President and CEO, effective June 1, 2018. Cottle will replace current President and CEO Kevin Sheehan who will remain with the company as a senior advisor. The Company also announced that Tim Bucher, previously SVP and GM of the Consumer Solutions Group at Seagate Technology, has been named EVP and Chief Product Officer across all Scientific Games’ business divisions.

“I’m proud of what we have accomplished over the past two years. Our Company is stronger than ever and growing across all our divisions. With the acquisition of NYX and the rapid growth of our entire interactive business, Scientific Games is poised to lead the future as the entire gaming industry transitions to new digital and mobile platforms. I want to thank the Scientific Games executive team, my friends and colleagues at MacAndrews & Forbes and all of our employees for their hard work and commitment. Barry has been a great partner, and I look forward to supporting his efforts to lead Scientific Games into the digital future,” said **Kevin Sheehan**.

“Innovation is the cornerstone of our strategy at Scientific Games. Across all our business units and platforms, we are relentless in our efforts to drive greater efficiency and adaptability to take advantage of new and growing markets. Scientific Games’ expertise and passion for innovation is an invaluable asset, as we continue to build cutting-edge technology to enhance the player experience for both retail and digital platforms,” said **Barry Cottle**.

“Kevin took over after the successful integration of Bally and WMS and, as one company, moved Scientific Games forward and helped in driving growth across all our business units. I want to thank him for his strong leadership and tireless efforts that led to the company’s success over the last two years and I look forward to continuing to work with him as a senior advisor to the company. Under Barry’s leadership, SG Interactive, now SG Social and SG Digital with the NYX acquisition, has become the market leader in free-to-play and online gaming and is perfectly positioned to capitalize on new markets opening up to legalized online gaming, lottery and sports betting around the world, including the United States,” said **Ronald O. Perelman, Chairman of the Board of Scientific Games**.

Barry Cottle joined Scientific Games as Chief Executive, SG Interactive, in August 2015 to lead the strategy and growth plans of the Interactive group. In just over two years, Barry led the team to double revenue growth and Scientific Games’ efforts to enter Sports Betting and iLottery through the acquisition of NYX/*OpenBet*™. Before Scientific Games, Mr. Cottle served as Vice Chairman of Deluxe Entertainment where he helped drive digital innovation including Deluxe’s launch of Virtual Reality. Prior to that, Barry

has held Executive Leadership roles at Zynga, Electronic Arts Inc., The Walt Disney Company and Palm Computing, Inc., helping lead these organizations to rapid growth in mobile and online markets by providing leading-edge products.

Tim Bucher joins the Company as EVP and Chief Product Officer across all business divisions. Bucher is a Silicon Valley veteran who has created several successful companies which have either been taken public or acquired by tech giants including Apple, Microsoft, Dell, and Seagate Technology over the last 3 decades. He has served in executive product roles directly for Steve Jobs, Bill Gates, and Michael Dell learning from those iconic entrepreneurs how to innovate and grow businesses. Specializing in consumer software, hardware, and user experiences, Tim holds over 40 patents in networking technology, user interface design, computer and processor design as well as graphics and multimedia technologies. Most recently Tim served as the Senior Vice President and General Manager of Seagate Technology's \$1.4B global consumer business developing innovative solutions to break Seagate into new markets including mobile, drone, and gaming.

About Scientific Games

Scientific Games Corporation (NASDAQ: SGMS) is the world leader in offering customers a fully integrated portfolio of technology platforms, robust systems, engaging content and services. The Company is the global leader in technology-based gaming systems, digital real-money gaming and sports betting platforms, table games, table products and instant games, and a leader in products, services and content for gaming, lottery and social gaming markets. Scientific Games delivers what customers and players value most: trusted security, creative entertaining content, operating efficiencies and innovative technology. For more information, please visit www.scientificgames.com, which is updated regularly with financial and other information about the Company.

The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

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Forward-Looking Statements

In this press release, Scientific Games makes "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements describe future expectations, plans, results or strategies and can often be identified by the use of terminology such as "may," "will," "estimate," "intend," "plan," "continue," "believe," "expect," "anticipate," "target," "should," "could," "potential," "opportunity," "goal," or similar

terminology. These statements are based upon management's current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. Therefore, you should not rely on any of these forward-looking statements as predictions of future events. Actual results may differ materially from those contemplated in these statements due to a variety of risks and uncertainties and other factors, including, among other things: competition; U.S. and international economic and industry conditions; slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions, and declines in the replacement cycle of gaming machines; ownership changes and consolidation in the gaming industry; opposition to legalized gaming or the expansion thereof; inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts; inability to develop successful products and services and capitalize on trends and changes in our industries, including the expansion of internet and other forms of interactive gaming; laws and government regulations, including those relating to gaming, data privacy, and environmental laws; legislative interpretation and enforcement, regulatory perception and regulatory risks with respect to gaming and sports wagering; reliance on technological blocking systems; expectations of shift to regulated online gaming or sports wagering; dependence upon key providers in our social gaming business; inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts; protection of our intellectual property, inability to license third party intellectual property, and the intellectual property rights of others; security and integrity of our products and systems; reliance on or failures in information technology and other systems; security breaches and cyber-attacks, challenges or disruptions relating to the implementation of a new global enterprise resource planning system; failure to maintain adequate internal control over financial reporting; natural events that disrupt our operations or those of our customers, suppliers or regulators; inability to benefit from, and risks associated with, strategic equity investments and relationships; failure to achieve the intended benefits of our acquisitions, including the NYX acquisition; the ability to successfully integrate our acquisitions, including the NYX acquisition; incurrence of restructuring costs; implementation of complex revenue recognition standards or other new accounting standards; changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets; fluctuations in our results due to seasonality and other factors; dependence on suppliers and manufacturers; risks relating to foreign operations, including anti-corruption laws, fluctuations in F/X rates; restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability, including the potential impact to our business resulting from the affirmative vote in the U.K. to withdraw from the EU, and the potential impact to our instant lottery game concession or VLT lease arrangements resulting from the economic and political conditions in Greece; possibility that the renewal of LNS' concession to operate the Italian instant games lottery is not finalized (including as the result of a protest); changes in tax laws or tax rulings (including the recent comprehensive U.S. tax reform) or the examination of our tax positions; dependence on key employees; litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property, environmental laws and our strategic relationships; level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs; inability to reduce or refinance our indebtedness; restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness; influence of certain stockholders, including decisions that may conflict with the interests of other stockholders; and stock price volatility.

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including the Company's current reports on Form 8-K, quarterly reports on Form 10-Q and its latest annual report on Form 10-K filed with the SEC on March 1, 2018 (including under the headings "Forward Looking Statements" and "Risk Factors"). Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

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