UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 0-13063

SCIENTIFIC GAMES CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**81-0422894**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller company)	Smaller reporting company ☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant has the following number of shares outstanding of each of the registrant's classes of common stock as of July 31, 2018:
Common Stock: 91,425,167

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL INFORMATION
AND OTHER INFORMATION
THREE AND SIX MONTHS ENDED JUNE 30, 2018

Glossary of Terms

The following terms or acronyms used in this Quarterly Report on Form 10-Q are defined below:

Term or Acronym	Definition
2017 10-K	2017 Annual Report on Form 10-K filed with the SEC on March 1, 2018
2018 Notes	8.125% senior subordinated notes due 2018 issued by SGC
2020 Notes	6.250% senior subordinated notes due 2020 issued by SGI
2021 Notes	6.625% senior subordinated notes due 2021 issued by SGI
2022 Secured Notes	7.000% senior secured notes due 2022 issued by SGI
2025 Secured Notes	5.000% senior secured notes due 2025 issued by SGI
2026 Secured Euro Notes	3.375% senior secured notes due 2026 issued by SGI
2026 Unsecured Euro Notes	5.500% senior unsecured notes due 2026 issued by SGI
AEBITDA	Attributable EBITDA, our performance measure of profit or loss for our business segments (see Note 3)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
B2C	business to consumer model
CSP	Cooperative Services Program
D&A	depreciation, amortization and impairments (excluding goodwill)
FASB	Financial Accounting Standards Board
Guarantor Subsidiaries	substantially all of SGC's 100%-owned U.S. subsidiaries other than SGC's 100%-owned U.S. Social gaming subsidiaries
LNS	Lotterie Nazionali S.r.l.
Non-Guarantor Subsidiaries	SGC's U.S. subsidiaries that are not Guarantor Subsidiaries and SGC's foreign subsidiaries
Note	a note in the Notes to Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, unless otherwise indicated
NYX	NYX Gaming Group Limited
NYX acquisition	the acquisition of 100% of the ordinary shares of NYX by SGC on January 5, 2018
Participation	with respect to our Gaming business, refers to gaming machines provided to customers through service or leasing arrangements in which we earn revenues and are paid based on: (1) a percentage of the amount wagered less payouts; (2) fixed daily-fees; (3) a percentage of the amount wagered; or (4) a combination of (2) and (3), and with respect to our Lottery business, refers to a contract or arrangement in which we earn revenues and are paid based on a percentage of retail sales
POS	percentage of retail sales
PPU	price-per-unit
PTG	proprietary table games
R&D	research and development
RFP	request for proposal
RMG	real-money gaming
RSU	restricted stock unit
SEC	Securities and Exchange Commission
Secured Notes	refers to the 2022 Secured Notes, 2025 Secured Notes, and 2026 Secured Euro Notes, collectively
SG&A	selling, general and administrative
SGC	Scientific Games Corporation
SGI	Scientific Games International, Inc., a wholly-owned subsidiary of SGC
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
Subordinated Notes	refers to the 2020 Notes and 2021 Notes, collectively
Unsecured Notes	10.000% senior unsecured notes due 2022 issued by SGI
U.S. GAAP	accounting principles generally accepted in the U.S.
U.S. jurisdictions	the 50 states in the U.S. plus the District of Columbia and Puerto Rico
VGT	video gaming terminal
VLT	video lottery terminal
WAP	wide-area progressive

Intellectual Property Rights

FORWARD-LOOKING STATEMENTS

Throughout this Quarterly Report on Form 10-Q, we make "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. The forward-looking statements contained in this Quarterly Report on Form 10-Q are generally located in the material set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" but may be found in other locations as well. 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 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;
- difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business;
- 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 under Part I, Item 1A "Risk Factors" in our 2017 10-K. 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 and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

You should also note that this Quarterly Report on Form 10-Q may contain references to industry market data and certain industry forecasts. Industry market data and industry forecasts are obtained from publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe industry information to be accurate, it is not independently verified by us and we do not make any representation as to the accuracy of that information. In general, we believe there is less publicly available information concerning the international gaming, lottery, social and digital gaming industries than the same industries in the U.S.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited, in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Services	$ 438.1	$ 385.8	$ 875.6	$ 748.3
Product sales	256.5	231.1	480.6	453.8
Instant products	150.1	149.4	300.3	289.6
Total revenue	844.7	766.3	1,656.5	1,491.7
Operating expenses:				
Cost of services [1]	124.2	98.9	246.1	202.2
Cost of product sales [1]	120.4	108.7	225.5	215.3
Cost of instant products [1]	71.3	71.3	141.0	141.4
Selling, general and administrative	173.9	145.9	345.5	286.6
Research and development	49.2	48.1	103.0	90.5
Depreciation, amortization and impairments	172.7	175.0	360.8	340.1
Restructuring and other	33.5	1.1	85.7	10.3
Operating income	99.5	117.3	148.9	205.3
Other (expense) income:				
Interest expense	(146.1)	(151.2)	(300.9)	(310.6)
Earnings from equity investments	4.6	3.1	11.9	12.6
Loss on debt financing transactions	—	—	(93.2)	(29.7)
Gain on remeasurement of debt	34.5	—	33.4	—
Other income (expense), net	1.7	(1.9)	(1.5)	5.6
Total other expense, net	(105.3)	(150.0)	(350.3)	(322.1)
Net loss before income taxes	(5.8)	(32.7)	(201.4)	(116.8)
Income tax expense	—	(6.4)	(6.2)	(23.1)
Net loss	$ (5.8)	$ (39.1)	$ (207.6)	$ (139.9)
Other comprehensive income (loss):				
Foreign currency translation (loss) gain	(88.2)	32.1	(37.3)	65.7
Pension and post-retirement gain (loss), net of tax	1.0	(0.4)	0.3	(0.7)
Derivative financial instruments unrealized gain, net of tax	3.8	—	5.7	2.8
Other comprehensive (loss) income	(83.4)	31.7	(31.3)	67.8
Comprehensive loss	$ (89.2)	$ (7.4)	$ (238.9)	$ (72.1)
Basic and diluted net loss per share:				
Basic	$ (0.06)	$ (0.44)	$ (2.29)	$ (1.58)
Diluted	$ (0.06)	$ (0.44)	$ (2.29)	$ (1.58)
Weighted average number of shares used in per share calculations:				
Basic shares	91.0	89.1	90.6	88.6
Diluted shares	91.0	89.1	90.6	88.6

(1) Exclusive of D&A.

See accompanying notes to condensed consolidated financial statements.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions, except par value)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118.6	$ 788.8
Restricted cash	33.3	29.0
Accounts receivable, net	562.3	540.9
Notes receivable, net	123.5	143.5
Inventories	231.9	243.1
Prepaid expenses, deposits and other current assets	248.8	131.1
Total current assets	1,318.4	1,876.4
Non-current assets:		
Restricted cash	15.5	16.3
Notes receivable, net	48.0	52.8
Property and equipment, net	520.2	568.2
Goodwill	3,312.8	2,956.1
Intangible assets, net	1,797.4	1,604.6
Software, net	315.8	339.4
Equity investments	209.2	253.9
Other assets	75.6	57.6
Total assets	$ 7,612.9	$ 7,725.3
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current portion of long-term debt	$ 48.7	$ 40.3
Accounts payable	184.0	190.4
Accrued liabilities	454.8	509.1
Total current liabilities	687.5	739.8
Deferred income taxes	137.5	73.1
Other long-term liabilities	211.1	203.1
Long-term debt, excluding current portion	8,845.2	8,736.3
Total liabilities	9,881.3	9,752.3
Commitments and contingencies (see Note 15)		
Stockholders' deficit:		
Common stock, par value $0.001 per share[(1)]: 199.3 shares authorized; 108.6 and 107.1 shares issued and 91.4 and 89.9 shares outstanding, respectively	1.1	1.1
Additional paid-in capital	816.2	807.8
Accumulated loss	(2,679.5)	(2,461.0)
Treasury stock, at cost, 17.2 shares	(175.2)	(175.2)
Accumulated other comprehensive loss	(231.0)	(199.7)
Total stockholders' deficit	(2,268.4)	(2,027.0)
Total liabilities and stockholders' deficit	$ 7,612.9	$ 7,725.3

(1) Following the consummation of the reincorporation merger on January 10, 2018, each authorized, issued and outstanding share of Class A common stock of SGC, par value $0.01 per share automatically converted into one share of common stock of the surviving corporation, par value $0.001 per share. The change in par value had no impact on total number of authorized, issued and outstanding shares.

See accompanying notes to condensed consolidated financial statements.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Six Months Ended June 30,	
	2018	**2017**
Cash flows from operating activities:		
Net loss	$ (207.6)	$ (139.9)
Adjustments to reconcile net loss to cash provided by operating activities	482.2	402.1
Changes in working capital accounts, net of acquisitions	(138.3)	12.6
Changes in deferred income taxes and other	(3.9)	4.7
Net cash provided by operating activities	132.4	279.5
Cash flows from investing activities:		
Capital expenditures	(200.5)	(140.2)
Acquisitions of businesses and assets, net of cash acquired	(274.1)	(52.1)
Distributions of capital from equity investments	23.2	22.4
Additions to equity method investments	(75.2)	—
Other	—	10.0
Net cash used in investing activities	(526.6)	(159.9)
Cash flows from financing activities:		
Borrowings under revolving credit facility	185.0	125.0
Repayments under revolving credit facility	(380.0)	(170.0)
Proceeds from issuance of senior notes and term loans	2,512.4	1,762.4
Repayment of senior notes and term loans (inclusive of redemption premium)	(2,210.3)	(1,693.4)
Repayment of assumed NYX debt	(288.2)	—
Payments on long-term debt	(14.5)	(11.4)
Payments of debt issuance and deferred financing costs	(38.5)	(27.7)
Payments on license obligations	(14.0)	(19.5)
Net redemptions of common stock under stock-based compensation plans and other	(21.5)	(3.9)
Net cash used in financing activities	(269.6)	(38.5)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2.9)	2.8
(Decrease) increase in cash, cash equivalents and restricted cash	(666.7)	83.9
Cash, cash equivalents and restricted cash, beginning of period	834.1	156.9
Cash, cash equivalents and restricted cash, end of period	$ 167.4	$ 240.8
Supplemental cash flow information:		
Cash paid for interest	$ 365.5	$ 284.9
Income taxes paid	15.4	18.7
Supplemental non-cash transactions:		
Non-cash rollover and refinancing of Term loans (see Note 11)	3,274.6	2,747.6
Non-cash interest expense	12.2	13.3
Non-cash additions to intangible assets related to license agreements	—	28.1
NYX non-cash consideration transferred (inclusive of 2017 acquisition of ordinary shares) (see Note 1)	93.2	—

See accompanying notes to condensed consolidated financial statements.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, amounts in USD, table amounts in millions, except per share amounts)

(1) Description of the Business and Summary of Significant Accounting Policies

Description of the Business

We are a leading developer of technology-based products and services and associated content for the worldwide gaming, lottery, social, and digital gaming industries. Our portfolio of revenue-generating activities primarily includes supplying gaming machines and game content, casino-management systems, and table game products and services to licensed gaming entities; providing instant and draw-based lottery games, lottery systems, and lottery content and services to lottery operators; providing social casino solutions to retail consumers and regulated gaming entities, as applicable; and providing a comprehensive suite of digital RMG and sports betting solutions, distribution platforms, content, products and services. We also gain access to technologies and pursue global expansion through strategic acquisitions and equity investments. Following the NYX acquisition and subsequent review of our business segments reporting structure, we now report our operations in four business segments—Gaming, Lottery, Social and Digital— with prior periods being recast to align with the current presentation.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The accompanying condensed consolidated financial statements include the accounts of SGC and its wholly owned subsidiaries, and those subsidiaries in which we have a controlling financial interest. Investments in other entities in which we do not have a controlling financial interest but we exert significant influence are accounted for in our condensed consolidated financial statements using the equity method of accounting. All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of the Company and its management, we have made all adjustments necessary to present fairly our consolidated financial position, results of operations and comprehensive loss and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2017 10-K. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

Significant Accounting Policies

There have been no changes to our significant accounting policies described within the Notes of our 2017 10-K other than adoption of ASC 606 described in Note 2.

Computation of Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share were the same for all periods presented as all common stock equivalents would be anti-dilutive. We excluded 2.6 million and 2.8 million of stock options from the diluted weighted-average common shares outstanding for the three and six months ended June 30, 2018 and 2017, respectively. We excluded 3.0 million of RSUs from the calculation of diluted weighted-average common shares outstanding for the three and six months ended June 30, 2018 and 4.4 million RSUs from such calculation for the three and six months ended June 30, 2017.

Acquisition of NYX Gaming Group Limited and Preliminary Purchase Price Allocation

On January 5, 2018, we completed the acquisition of all outstanding ordinary shares of NYX, creating a leading digital provider of sports betting, iGaming and iLottery technologies, platforms, content, products and services. We paid $665.8 million in cash to acquire ordinary shares and other securities and to redeem NYX's outstanding debt inclusive of $91.9 million paid during the fourth quarter of 2017 to acquire NYX ordinary shares and other securities. The fair value of our NYX non-controlling equity interest held immediately before the acquisition date was $90.4 million.

We accounted for this acquisition using the acquisition method of accounting allocating the total consideration transferred to acquired tangible and intangible assets and assumed liabilities based on estimated fair values. The fair value determination of the acquired assets and assumed liabilities (including the related determination of estimated lives of depreciable and amortizable tangible and intangible assets) requires significant judgments and estimates. The estimated fair values of the acquired assets and assumed liabilities and resulting goodwill are subject to adjustment as we finalize our purchase price accounting, and such adjustments could be material.

We incurred $7.7 million of NYX acquisition-related costs which were recorded in Restructuring and other for the six months ended June 30, 2018.

The following table summarizes the preliminary allocation of the purchase price expected to be finalized by the end of 2018:

	January 5, 2018
Cash, cash equivalents and restricted cash	$ 23.3
Accounts receivable and other current assets[1]	55.2
Property and equipment and other non-current assets[1]	22.1
Goodwill	376.4
Intangible assets	350.0
Total assets	$ 827.0
Current liabilities[2]	$ 82.0
Deferred income taxes	66.3
Assumed debt and other liabilities	299.7
Total liabilities	$ 448.0
Total consideration transferred	$ 379.0

(1) Inclusive of $43.0 million and $12.9 million of receivables and contract assets, respectively.
(2) Inclusive of $15.7 million of contract liabilities.

Cash, cash equivalents and restricted cash, accounts receivable and other current assets and most liabilities (other than as primarily related to deferred income taxes) were valued at the existing carrying values which approximated the estimated fair values. The estimated preliminary fair value of deferred income taxes was determined by applying the applicable enacted statutory tax rate to the temporary differences that arose on the differences between the financial reporting value and tax basis of the acquired assets and assumed liabilities.

The fair value of intangible assets that have been preliminarily identified was determined using a combination of the relief from royalty method and the excess earnings method using level 3 inputs in the hierarchy as established by ASC 820. The discount rates used in the valuation analysis ranged between 10% and 14%, and the royalty rate used was 0.5%. The following table details the intangible assets that have been preliminarily identified:

	Fair Value	Weighted Average Useful Life (Years)
Customer relationships	$ 214.0	7-10
Intellectual property[1]	126.5	7
Trade names	9.5	7

(1) Primarily consists of core technology and content.

The factors contributing to the recognition of acquisition goodwill are based on enhanced financial and operational scale, market diversification, expected cost and operational synergies, assembled workforce, and other strategic benefits. None of the resultant goodwill is expected to be deductible for income tax purposes.

NYX revenue and net loss since the acquisition date included in our consolidated results were as follows:

	Three Months Ended	Six Months Ended
	June 30, 2018	
Revenue	$ 50.6	$ 99.8
Net loss	8.1	15.5

The acquired NYX business was combined with the business-to-business component of our previous Interactive business segment, forming the new Digital business segment.

The following unaudited pro forma financial information for the three and six months ended June 30, 2018 and 2017 give effect to the NYX acquisition as if it had been completed on January 1, 2017:

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	$ 844.7	$ 810.6	$ 1,656.5	$ 1,579.3
Net loss	5.8	52.8	199.9	168.7

The unaudited pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of what the operating results actually would have been if the NYX acquisition had taken place on January 1, 2017, nor is it indicative of future operating results. The pro forma amounts include the historical operating results of SGC and NYX prior to the acquisition, with adjustments factually supportable and directly attributable to the NYX acquisition, primarily related to the effect of fair value adjustments and related depreciation and amortization, acquisition-related fees and expenses, interest expense related to additional borrowings used to complete the acquisition, and the effect of repayments of NYX historical debt as a result of the acquisition.

Other Acquisitions

On January 23, 2018, we acquired privately held Tech Art, Inc. and related entities (collectively, "Tech Art") for $9.6 million cash consideration. The transaction was accounted for as an asset acquisition, with substantially all of the cash consideration transferred allocated to intellectual property, which was assigned a 15-year useful life. Tech Art has been integrated into our Gaming business segment.

New Accounting Guidance - Recently Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 combined with all subsequent amendments (collectively ASC 606) provides guidance outlining a single comprehensive revenue model in accounting for revenue from contracts with customers. ASC 606 supersedes existing revenue recognition guidance, including industry-specific guidance, and replaces it with a five-step revenue model with a core principle that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. We adopted this guidance effective January 1, 2018 using a modified retrospective application approach. See our 2017 10-K Note 1 for the anticipated annual impact on our consolidated financial statements and Note 2 in this Quarterly Report on Form 10-Q for our revenue recognition policy and the quarterly impact of our adoption of ASC 606.

The FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* in 2017. The new guidance clarifies the definition of a business in order to allow for the evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. We adopted this guidance effective January 1, 2018, and this adoption did not have a material effect on our consolidated financial statements.

The FASB issued ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* in 2017. We adopted this guidance effective January 1, 2018. This guidance requires an employer to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of operating income, if one is presented, which for us means that certain immaterial amounts will be classified within interest expense as compared to the previous classification within SG&A. We are also required to describe which line items are used to present the other components of net benefit cost if such financial statement line items are separately presented; otherwise, we must disclose the line items in which such costs are presented.

The FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* in 2017. We early adopted this guidance during the first quarter of 2018, which simplifies the application of hedge accounting guidance, and creates greater transparency for results presented on the face of the financial statements and footnotes. Our adoption did not have a material effect on our consolidated financial statements.

New Accounting Guidance - Not Yet Adopted

The FASB issued ASU No. 2016-02, *Leases (Topic 842*) in 2016. The amended guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of this guidance is expected to result in a significant portion of our operating leases, where we are the lessee, to be recognized on our consolidated balance sheet. The guidance requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier adoption permitted. We are currently evaluating the impact of adopting this guidance.

The FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* in 2016. The new guidance replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans and other financial instruments, we will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. The new guidance will be effective for us beginning January 1, 2020, with early adoption permitted beginning January 1, 2018. Application of the amendments is through a cumulative-effect adjustment to retained earnings as of the effective date. We are currently evaluating the impact of adopting this guidance.

We do not expect that any other recently issued accounting guidance will have a significant effect on our consolidated financial statements.

(2) Revenue Recognition

As described in Note 1, on January 1, 2018, we adopted ASC 606 using the modified retrospective method, which was applied to customer contracts that were not completed as of January 1, 2018. In accordance with the modified retrospective transition method, our results of operations beginning with the first quarter of 2018 are presented in accordance with ASC 606, while prior periods continue to be reported in accordance with the historical revenue recognition guidance as disclosed in our 2017 10-K.

The following table disaggregates our revenues by type within each of our business segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gaming				
Gaming operations	$ 159.9	$ 178.4	$ 321.3	$ 350.8
Gaming machine sales	167.6	163.3	312.4	319.5
Gaming systems	84.3	67.1	159.3	128.6
Table products	58.9	48.4	120.7	98.3
Total	$ 470.7	$ 457.2	$ 913.7	$ 897.2
Lottery				
Instant products	$ 150.1	$ 151.3	$ 300.3	$ 293.0
Lottery systems	57.0	51.0	108.5	98.4
Total	$ 207.1	$ 202.3	$ 408.8	$ 391.4
Social				
Social gaming	$ 99.7	$ 91.1	$ 197.1	$ 171.3
Total	$ 99.7	$ 91.1	$ 197.1	$ 171.3
Digital				
Sports and platform	$ 20.5	$ —	$ 46.4	$ —
Gaming and other	46.7	15.7	90.5	31.8
Total	$ 67.2	$ 15.7	$ 136.9	$ 31.8

General

We evaluate the recognition of revenue and rental income based on the criteria set forth in ASC 606 or ASC 840, as appropriate. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. This condition normally is met when the product has been delivered or upon performance of services. Revenue is reported net of incentive rebates and discounts. We made an accounting policy election to exclude from the measurement of the transaction price sales taxes and all other items of a similar nature, and also elected to account for shipping and handling activities as a fulfillment of our promise to transfer the goods. Accordingly, shipping and handling costs are included in cost of sales.

Our credit terms are predominately short term in nature. We also grant extended payment terms under certain contracts, primarily where the sale is secured by the related equipment sold, and generally only in certain Gaming segment contracts with customers. For these contracts with customers for which the financing component is determined to be significant to the contract, the contract transaction price is adjusted for the effect of a financing component (time value of money). We have not applied the significant financing component guidance to transactions with financing terms of 12 months or less.

Any sales commissions associated with the sale or placement of our products and services are expensed as incurred as contracts associated with sales commissions are generally completed within a one-year period.

The primary types of revenue impacted by the adoption of ASC 606 were Gaming operations and Lottery instant products. Each of these is described separately below. We had other balance sheet adoption impacts that, combined with the preceding, resulted in a net increase to opening accumulated loss of $10.9 million as of January 1, 2018. As part of the adoption of ASC 606, we increased contract liabilities by $9.7 million primarily associated with Lottery instant products licensing and player loyalty contracts for which we determined that the promises in the related contracts were part of a single performance obligation under ASC 606. In addition, we reduced previously recorded deferred costs net of newly established contract assets by $11.4 million related to licensing in certain customized lottery software contracts for which we concluded that we were unable to recognize revenue for delivered elements under ASC 985-605 due to the lack of vendor-specific objective evidence for undelivered elements and for which we were required to estimate the standalone selling price of delivered performance obligations under ASC 606. Combined, we expect all other adoption impacts other than Gaming operations and Lottery instant products to have less than a $10.0 million impact on revenue and operating income in the aggregate for the remainder of 2018.

Contracts with Customers with Multiple Promised Goods and Services

We enter into contracts with customers that include multiple promises (such as gaming machines, gaming systems hardware and software, installation, service and maintenance, product support or lottery systems and hardware, installation and maintenance bundled promises). For such contracts, the transaction price is allocated to each distinct performance obligation using an estimate of stand-alone selling price. The stand-alone selling price is generally based on observable prices or a cost plus margin approach. We also use the residual method when observable prices are uncertain or highly variable, primarily with respect to certain of our software licenses. The establishment of stand-alone selling price requires judgment as to whether there is a sufficient quantity of items sold or substantively renewed on a stand-alone basis and those prices demonstrate an appropriate level of concentration to conclude that a stand-alone selling price exists.

The guidance in ASC 606 requires that we apply judgments or estimates to determine both the performance obligations and the stand-alone selling prices of identified performance obligations. Contracts with multiple promised goods and services described above will often involve significant judgment in determining whether each promise is distinct or should be combined with other promises in such contracts in concluding on the distinct performance obligations for such contracts. Such judgment generally requires an assessment of the level of integration and interdependency between individual components particularly in our gaming systems and certain digital contracts with customers. Associated with these same contracts, we also apply significant judgment to determine the stand-alone selling prices of the identified performance obligations. In certain contracts with customers, we bundle the selling price for multiple promised goods or services or we may license systems for which the solutions we provide are highly customized and therefore the prices we charge are either uncertain, highly variable, or both.

Gaming Operations

Gaming operations revenues are generated by providing customers access to proprietary land-based gaming equipment, table game products and VLTs under a variety of recurring operating, service, or rental contracts, for which consideration is based upon a percentage of Coin-in, a percentage of Net win, or a fixed daily/monthly fee, with variability generally resolved in the reporting period. For these contracts with customers, we generally transfer control and recognize revenue or rental income over time based on the amount we expect to receive as described and classify such revenue or rental income as services revenue. Payments from customers under these contracts are typically due on a monthly basis. Jackpot

expense for our WAP services is recorded as a reduction to revenue, which decreased revenue and cost of services by $6.5 million and $10.9 million for the three and six months ended June 30, 2018, respectively. This change in classification has no impact on operating income or net loss. There was $5.3 million and $12.4 million of such amounts presented as cost of services for the three and six months ended June 30, 2017, respectively.

Gaming Machine Sales

These contracts with customers include the sale of gaming machines, including game content, electronic table game products and parts (including game themes and conversion kits). We transfer control and recognize revenue from the sale of gaming machines at a point in time upon delivery of gaming machines to our customers or distributors pursuant to the terms of the contract. If the sale of gaming machines includes multiple promised goods and services, these contracts are accounted for as described in the "Contracts with Customers with Multiple Promised Goods and Services" section above. Our credit terms are predominately short term in nature.

Gaming Systems

Gaming systems contracts with customers can include a comprehensive suite of technology solutions provided to gaming operators, including perpetual licenses to core system solutions and non-core system solutions and other applications and tools. Gaming systems products also include the *iVIEW*® touch screen display, which facilitates the player experience, bonus features, customer service, and employee functions and ongoing hardware and software maintenance services and upgrades.

Determination of performance obligations and timing of the transfer of control varies by contract. Generally, these contracts contain multiple promised goods and services, including the following: (i) core system software license; (ii) non-core system software license(s); (iii) professional services; (iv) system-based hardware; (v) in-game hardware products; and (vi) software and hardware maintenance and product support.

Control transfers and we recognize revenue from the sale of perpetual gaming systems licenses and various hardware products at a point in time when the gaming system is available for use by a customer which is no earlier than the commencement of the license term, and for the hardware products upon delivery. For contracts that include new core gaming system installations, control is not considered transferred until control of the core gaming system license is transferred as the additional promises are generally highly dependent on the core gaming system. Software and hardware maintenance and product support services are considered stand-ready obligations, therefore control transfers and revenue is recognized over time over the term of the maintenance and support period. If a gaming systems contract includes multiple promised goods and services, these contracts are accounted for as described in the "Contracts with Customers with Multiple Promised Goods and Services" section above.

Table Products

Table products revenue is generated from supplying and maintaining or selling table game products, primarily including automatic card shufflers, deck checkers, table roulette chip sorters and other land-based table gaming equipment. We transfer control and recognize revenue from the sale of table products at a point in time upon delivery to our customers or distributors pursuant to the terms of the contract. Supply and maintenance contracts, for which consideration is primarily based on a fixed monthly fee, are considered stand-ready obligations, therefore control transfers and revenue is recognized over time over the term of the supply and maintenance period. Such contracts are generally short-term in nature. We also license our proprietary table games content, for which revenue is recognized at a point in time under the licensing of intellectual property guidance as such licenses are functional licenses.

Lottery Instant Products

Our instant products revenue is primarily generated under long-term contracts to supply instant products and provide related services to our Lottery customers. For instant products that are sold on a PPU and POS basis, we generally have a single performance obligation of a promise to supply the instant products. Control transfers and we recognize revenue from the sale of such instant products when the lotteries have taken delivery of shipments of instant products pursuant to the terms of the contract. For instant products that are sold on a POS basis, we are compensated based on retail sales, therefore the timing difference between the recognition of revenue, the billing of our customers and the receipt of payments depends on retail sales. Contract assets resulting from these contracts remain until we have the contractual ability to invoice and collect from customers (which occurs upon retail sales).

For our CSP contracts in which we perform all of the services necessary to operate the associated lottery's integrated instant product operations and for which we are compensated based on retail sales, our single performance obligation is a promise to perform a series of stand-ready services to operate and manage instant gaming programs for the lotteries in their entirety. Revenue is recognized over time as measured by an appropriate measure of progress toward satisfying our performance obligation, which we have determined to be when a lottery retailer activates any associated instant tickets, as this is the point at which we have transferred control over the associated instant tickets and perform no more services related to such instant tickets.

The guidance in ASC 606 requires that we apply judgment to determine the timing of control transfer of performance obligations in our Lottery instant products contracts. For instant products that are sold under POS contracts, we generally have a single performance obligation of a promise to supply the instant products. The determination of when control transfers requires significant judgment because lotteries take delivery of shipments of instant products, but we retain the risk of such inventory until retail sales of such tickets takes place. We have determined control transfers upon delivery to a lottery-controlled warehouse, because we do not have the ability to direct the use of such instant products subsequent to delivery.

As disclosed in the first quarter of 2018, there was an $8.1 million and $6.3 million increase in revenue and Lottery Business Segment AEBITDA, respectively, associated with instant products sold on a POS basis due to adopting the new revenue recognition guidance in the first interim period of adoption. We expect this favorable impact will be largely offset during the three quarters following the initial adoption. The impact for the second quarter of 2018 was in line with these expectations. We continue to expect the adoption of the new revenue recognition guidance will have less than a $10.0 million impact on POS revenue in the aggregate for 2018.

Revenue from any tickets sold under these arrangements that were in the lottery distribution channel at December 31, 2017 will not be recognized as retail sales occur, as both the revenue value of such tickets and the historical cost of such inventory at December 31, 2017 was reflected directly into shareholders' deficit at adoption. The adoption of ASC 606 related to inventory in the distribution channel at December 31, 2017 resulted in an increase to contract assets (included in Prepaid expenses, deposits and other current assets) totaling $52.0 million, a reduction to inventory totaling $33.0 million and a decrease to accumulated net loss totaling $19.0 million. The impact of ASC 606 on our June 30, 2018 consolidated balance sheet was a $39.5 million decrease to inventories and a $45.4 million increase to contract assets included in Prepaid expenses, deposits and other current assets.

Lottery Systems

Our Lottery business segment offers our customers a number of related, value-added services as part of an integrated product offering. These services include lottery systems, including point-of-sale terminals and other equipment, software, data communication services and support and instant game validation systems, and software, hardware and related services for sports wagering and keno systems.

For our integrated lottery systems service contracts (described above), our single performance obligation is a promise to perform a series of stand-ready services to operate a fully-functional draw lottery. Revenue is recognized over time in an amount generally based on a percentage of sales of the related games, which represents our measure of progress toward satisfying our performance obligation.

For our perpetual licensing of customized lottery software contracts, we generally recognize revenue over time using costs incurred to date relative to total estimated completion costs to measure progress toward satisfying our performance obligations, which we believe best depicts the transfer of control to the customer.

Maintenance on lottery software and lottery terminals is considered a stand-ready obligation, with control transferring and revenue being recognized over time ratably over the maintenance and support period. If a lottery systems contract includes multiple promised goods and services, these contracts are accounted for as described in the "Contracts with Customers with Multiple Promised Goods and Services" section above.

Social Gaming

Social gaming revenues are generated from the sale of virtual coins, chips or bingo cards (collectively referred to as "virtual currency"), which players can use to play casino-style slot and table games or bingo games (i.e., spin in the case of slot games, bet in the case of table games and use of bingo cards in the case of bingo games). Control transfers and we recognize revenues from player purchases of virtual currency as the virtual currency is consumed for game play, which is based on a

historical data analysis. Because we have control over the content and functionality of games before they are accessed by the end user, we have determined we are the principal and, as a result, revenues are recorded on a gross basis. Payment processing fees paid to platform providers (such as Facebook, Apple, Amazon and Google) on a revenue participation basis are recorded within cost of services.

Digital

Digital revenue is generated from professional services related to highly customized software design, development, licensing, maintenance and support services associated with a comprehensive suite of technology solutions, including sports books and betting markets across both fixed-odds and pari-mutuel betting styles. Additionally, through our integrated suite of various platform and technology solutions, we provide gaming operators optional portals for reporting and administrative functions, and access to a wide portfolio of content, including casino, lottery and bingo style games.

Determination of performance obligations and timing of the transfer of control vary based on the nature of the contract. Generally, these contracts contain multiple promises, including the following: (i) implementation of customized software solution and the associated software license; (ii) support services and unspecified software updates; (iii) professional development services; and (iv) access to the game content. Generally control transfers and we recognize revenue from the implementation of a customized software solution and the associated software license over time using costs incurred to date relative to total estimated completion costs to measure progress toward satisfying our performance obligations, which we believe best depicts the transfer of control to the customer. Support services and unspecified software updates are considered stand-ready obligations, therefore control transfers and revenue is recognized over time ratably over the term of the support period. Professional development services generally relate to post-go live development, and control transfers and revenue is recognized over time as services are rendered.

We also generate revenue from various content aggregation platforms, remote gaming servers, our *SG Universe*® platform and various other platforms, which deliver a wide spectrum of internally developed and branded games and popular third-party provided games to gaming operators. We provide daily access to these platforms and are typically compensated based on variable consideration, such as a percentage of net gaming revenue with variability generally resolved in the reporting period. All Digital revenue is classified as services revenue.

Contract Liabilities and Other Disclosures

The following table summarizes the activity in our contract liabilities for the reporting period:

	Six Months Ended June 30, 2018
Contract liability balance, beginning of period[1]	$ 88.2
Liabilities recognized during the period	46.9
Amounts recognized in revenue from beginning balance	(37.5)
Contract liability balance, end of period[1]	$ 97.6

(1) Contract liabilities are included within accrued liabilities and other long-term liabilities in our consolidated balance sheet.

The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on our consolidated balance sheet. Other than contracts with customers with financing arrangements exceeding 12 months, revenue recognition is generally proximal to conversion to cash, except for Lottery instant products sold under percentage of sale contracts. As disclosed in "Lottery Instant Products" above, revenue is recognized for such contracts upon delivery to our customers, while conversion to cash is based on the retail sale of the underlying ticket to end consumers. As a result, revenue recognition under ASC 606 does not approximate conversion to cash in any periods post-adoption. Total revenue recognized under such contracts was $23.6 million and $57.8 million in the three and six months ended June 30, 2018, respectively. The following table summarizes our opening and closing balances in these accounts (other than contract liabilities disclosed above):

	Receivables	Contract Assets[1]
Opening balance, January 1, 2018	$ 724.7	$ 66.4
Closing balance, June 30, 2018	733.8	90.6

(1) Contract assets are included primarily within Prepaid expenses, deposits and other current assets in our June 30, 2018 consolidated balance sheet.

Other than acquired contract assets and receivables and assumed contract liabilities resulting from the NYX acquisition (described in Note 1), we did not have any changes in these balances other than normal, recurring activity during the interim period ended June 30, 2018.

As of June 30, 2018, other than as described above, we did not have material unsatisfied performance obligations for contracts expected to be long-term or contracts for which we recognize revenue at an amount other than for which we have the right to invoice for goods or services delivered or performed.

(3) Business Segments

In connection with the NYX acquisition (see Note 1), in the first quarter of 2018, we reviewed our operating and business segments in light of certain changes in the organizational and operational structure of the Company. Based on this review, we determined that our Social gaming business, previously included in our Interactive business segment, is a separate business segment and the remaining business-to-business Interactive business component was integrated with the acquired NYX business, collectively forming the new Digital business segment.

As a result of the above changes, we now report our operations in four business segments—Gaming, Lottery, Social and Digital—representing our different products and services. A detailed discussion regarding the products and services from which our Gaming and Lottery business segments generally derive their revenue is included in our 2017 10-K Note 2. Our Social business segment provides social gaming services through our own B2C applications. Our Digital business segment provides highly customizable software design, development, licensing, maintenance and support services from a comprehensive suite of technology solutions to enable our customers to operate sports books, including betting markets across both fixed-odds and pari-mutuel betting styles, a distribution platform, full gaming process support services, brand and player management, including *SG Universe* services, and RMG services to online casino operators through our remote game servers. The products and services from which each reportable segment derives its revenues are further discussed in Note 2.

We also reviewed and considered the change in our Chief Executive Officer during the second quarter of 2018, who is also our Chief Operating Decision Maker (CODM), and how resources are allocated and financial information is regularly reviewed to evaluate operating results and performance of our business segments. As a result of this change and starting with the second quarter of 2018, we changed our business segment performance measure of profit or loss from operating income (loss) to Attributable EBITDA (AEBITDA), which we have described below. Business segment information for the three and six months ended June 30, 2017 has been recast to reflect these changes. The accounting policies of our business segments are the same as those described within the Notes in our 2017 10-K and in Note 1 and Note 2 (for revenue recognition) in this Quarterly Report on Form 10-Q. The following tables present our segment information:

	Three Months Ended June 30, 2018					
	Gaming	Lottery	Social	Digital	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 470.7	$ 207.1	$ 99.7	$ 67.2	$ —	$ 844.7
AEBITDA[2]	235.7	99.4	25.2	13.2	(33.1)	340.4
Reconciling items to consolidated net loss before income taxes:						
D&A	(121.0)	(13.9)	(6.5)	(16.7)	(14.6)	(172.7)
Restructuring and other	(1.5)	3.2	(0.5)	(4.4)	(30.3)	(33.5)
EBITDA from equity investments[2]					(16.5)	(16.5)
Earnings from equity investments					4.6	4.6
Interest expense					(146.1)	(146.1)
Gain on remeasurement of debt					34.5	34.5
Other expense, net					(0.9)	(0.9)
Stock-based compensation					(15.6)	(15.6)
Net loss before income taxes						(5.8)
Assets as of June 30, 2018	$ 5,210.7	$ 1,146.3	$ 190.5	$ 862.2	$ 203.2	$ 7,612.9

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss before income taxes.

(2) AEBITDA is net income (loss) before the following adjustments: (1) restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) management changes; (iii) restructuring and integration; (iv) M&A and other, which includes: (a) M&A transaction costs, (b) purchase accounting, (c) unusual items (including certain litigation), and (d) other non-cash items; and (v) cost savings initiatives; (2) depreciation and amortization expense and impairment charges (including goodwill impairment charges); (3) change in fair value of investments and remeasurement of debt; (4) interest expense; (5) income taxes expense (benefit); (6) stock-based compensation; and (7) loss (gain) on debt financing transactions. In addition to the preceding adjustments, we exclude earnings from equity method investments and add (without duplication) our pro rata share of EBITDA of our equity investments, which represents our share of earnings (whether or not distributed to us) before income tax expense, depreciation and amortization expense, and interest (income) expense, net. AEBITDA is presented exclusively as our segment measure of profit or loss.

	Three Months Ended June 30, 2017					
	Gaming	Lottery	Social	Digital	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 457.2	$ 202.3	$ 91.1	$ 15.7	$ —	$ 766.3
AEBITDA[2]	226.9	95.6	21.9	2.7	(32.3)	314.8
Reconciling items to consolidated net loss before income taxes:						
D&A	(136.0)	(13.3)	(3.1)	(1.3)	(21.3)	(175.0)
Restructuring and other	(0.3)	1.1	(0.2)	(0.1)	(1.6)	(1.1)
EBITDA from equity investments[2]					(13.1)	(13.1)
Earnings from equity investments					3.1	3.1
Interest expense					(151.2)	(151.2)
Other expense, net					(3.1)	(3.1)
Stock-based compensation					(7.1)	(7.1)
Net loss before income taxes						(32.7)
Assets as of December 31, 2017	$ 5,401.6	$ 1,070.6	$ 219.1	$ 61.2	$ 972.8	$ 7,725.3

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 3.

	Six Months Ended June 30, 2018					
	Gaming	Lottery	Social	Digital	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 913.7	$ 408.8	$ 197.1	$ 136.9	$ —	$ 1,656.5
AEBITDA[2]	453.8	193.5	51.4	30.4	(68.6)	660.5
Reconciling items to consolidated net loss before income taxes:						
D&A	(260.4)	(28.1)	(13.1)	(32.7)	(26.5)	(360.8)
Restructuring and other	(2.9)	2.4	(18.6)	(10.1)	(56.5)	(85.7)
EBITDA from equity investments[2]					(35.3)	(35.3)
Earnings from equity investments					11.9	11.9
Interest expense					(300.9)	(300.9)
Loss on debt financing transactions					(93.2)	(93.2)
Gain on remeasurement of debt					33.4	33.4
Other expense, net					(6.9)	(6.9)
Stock-based compensation					(24.4)	(24.4)
Net loss before income taxes						(201.4)

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 3.

	Six Months Ended June 30, 2017					
	Gaming	Lottery	Social	Digital	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 897.2	$ 391.4	$ 171.3	$ 31.8	$ —	$ 1,491.7
AEBITDA[2]	436.6	180.9	39.8	7.8	(63.7)	601.4
Reconciling items to consolidated net loss before income taxes:						
D&A	(259.3)	(27.2)	(5.7)	(2.7)	(45.2)	(340.1)
Restructuring and other	(4.5)	0.8	(1.0)	(0.1)	(5.5)	(10.3)
EBITDA from equity investments[2]					(29.1)	(29.1)
Earnings from equity investments					12.6 12.6	12.6
Interest expense					(310.6)	(310.6)
Loss on debt financing transactions					(29.7)	(29.7)
Other income, net					2.0	2.0
Stock-based compensation					(13.0)	(13.0)
Net loss before income taxes						(116.8)

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 3.

The following table presents our recast quarterly selected segment financial data for 2017 and 2016:

	Recast Quarterly Segment Financial Data							
	2017				2016			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
Total revenue								
Social	$ 80.2	$ 91.1	$ 95.1	$ 95.5	$ 60.2	$ 69.1	$ 70.3	$ 74.8
Digital	16.1	15.7	16.3	17.8	12.4	14.3	14.9	16.8
Previous Interactive Segment	$ 96.3	$ 106.8	$ 111.4	$ 113.3	$ 72.6	$ 83.4	$ 85.2	$ 91.6
Total Attributable EBITDA[1]								
Social	$ 17.9	$ 21.9	$ 20.1	$ 21.8	$ 13.2	$ 16.0	$ 10.9	$ 15.4
Digital	5.1	2.7	3.1	5.1	2.2	2.2	2.7	4.3

(1) AEBITDA is described in (2) to the first table in this Note 3.

(4) Restructuring and other

Restructuring and other includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition costs and other unusual items. The following table summarizes pre-tax restructuring and other costs for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Employee severance [1]	$ 15.8	$ —	$ 20.9	$ 2.7
Acquisitions and related costs[2]	(0.2)	0.8	7.6	4.2
Contingent consideration adjustment[3]	—	—	18.0	—
Legal and related	10.0	—	26.0	—
Restructuring, integration and other	7.9	0.3	13.2	3.4
Total	$ 33.5	$ 1.1	$ 85.7	$ 10.3

(1) Inclusive of employee severance and termination costs associated with restructuring and integration activities.

(2) Six months ended June 30, 2018 includes $7.7 million related to the NYX acquisition.

(3) Represents contingent consideration fair value adjustment (see Note 12).

(5) Accounts and Notes Receivable and Credit Quality of Receivables

Accounts and Notes Receivable

The following table summarizes the components of current and long-term accounts and notes receivable, net:

	June 30, 2018	December 31, 2017
Current:		
Accounts receivable	$ 575.4	$ 551.5
Notes receivable	146.2	164.1
Allowance for doubtful accounts and notes	(35.8)	(31.2)
Current accounts and notes receivable, net	$ 685.8	$ 684.4
Long-term:		
Notes receivable, net of allowance of $0.1 and $0.2	48.0	52.8
Total accounts and notes receivable, net	$ 733.8	$ 737.2

Credit Quality of Receivables

The interest rates on our outstanding receivables bearing interest ranged from 3.0% to 10.0% at June 30, 2018, and 3.0% to 10.4% at December 31, 2017.

We have certain concentrations of outstanding accounts and notes receivable in international locations that impact our assessment of the credit quality of those receivables. We monitor the macroeconomic and political environment in each of these locations in our assessment of the credit quality of our receivables. We have not identified changes in the aforementioned factors during the six months ended June 30, 2018 that require a reassessment of our receivable balances. The international locations with significant concentrations (generally deemed to be exceeding 10%) of our accounts and notes receivable are as follows:

- Mexico - Our notes receivable, net, from certain customers in Mexico at June 30, 2018 was $27.2 million. We collected $16.6 million of outstanding receivables from these customers during the six months ended June 30, 2018.
- Peru - Our notes receivable, net, from certain customers in Peru at June 30, 2018 was $16.3 million. We collected $6.3 million of outstanding receivables from these customers during the six months ended June 30, 2018.
- Argentina - Our notes receivable, net, from customers in Argentina at June 30, 2018 was $25.6 million denominated in USD. Our customers are required to, and have continued to, pay us in pesos at the spot exchange rate on the date of payment. We collected $15.7 million of outstanding receivables from customers in Argentina during the six months ended June 30, 2018.

In addition to the macroeconomic and political factors noted above, we also evaluated recent payments, receivables aging, any additional security or collateral we had (bills of exchange, pledge agreements, etc.) and other facts and circumstances relevant to our customers' ability to pay.

The following summarizes the components of total notes receivable, net:

	June 30, 2018	Balances over 90 days past due	December 31, 2017	Balances over 90 days past due
Notes receivable:				
Domestic	$ 75.4	$ 9.8	$ 93.5	$ 9.2
International	118.8	28.5	123.6	33.2
Total notes receivable	194.2	38.3	217.1	42.4
Notes receivable allowance				
Domestic	(4.7)	(4.6)	(4.0)	(4.0)
International	(18.0)	(18.0)	(16.8)	(16.8)
Total notes receivable allowance	(22.7)	(22.6)	(20.8)	(20.8)
Notes receivable, net	$ 171.5	$ 15.7	$ 196.3	$ 21.6

At June 30, 2018, 9.2% of our total notes receivable, net, was past due by over 90 days, compared to 11.0% at December 31, 2017.

We evaluate our exposure to credit loss on notes receivable on both a collective and individual basis. In addition, we evaluate such notes receivable on a geographic basis and take into account any other factors (such as general economic conditions, other macroeconomic considerations, etc.) that could impact our collectability of notes receivable individually or in the aggregate. Accordingly, notes receivable may be evaluated under multiple methodologies, and the resulting allowance is not determined based on one specific methodology taking all factors into consideration. The activity in our allowance for notes receivable for each of the six month periods ended June 30, 2018 and 2017 is as follows:

	Six Months Ended June 30,	
	2018	2017
Beginning allowance for notes receivable	$ (20.8)	$ (15.0)
Provision	(2.8)	(4.4)
Charge-offs and recoveries	0.9	1.1
Ending allowance for notes receivable	$ (22.7)	$ (18.3)

The fair value of notes receivable is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. As of June 30, 2018 and

December 31, 2017, the fair value of notes receivable, net, approximated the carrying value due to contractual terms of notes receivable generally being under 24 months.

(6) Inventories

Inventories consisted of the following as of the dates presented below:

	June 30, 2018	December 31, 2017
Parts and work-in-process	$ 137.9	$ 128.7
Finished goods	94.0	114.4
Total inventories	$ 231.9	$ 243.1

Parts and work-in-process include parts for gaming machines, lottery terminals and instant lottery ticket materials, as well as labor and overhead costs for work-in-process associated with the manufacturing of instant lottery games and lottery terminals. Our finished goods inventory primarily consists of gaming machines for sale, instant products primarily for our Participation arrangements and our licensed branded merchandise.

(7) Property and Equipment, net

Property and equipment, net consisted of the following:

	June 30, 2018	December 31, 2017
Land	$ 20.4	$ 35.7
Buildings and leasehold improvements	120.7	183.6
Gaming and lottery machinery and equipment	996.6	962.2
Furniture and fixtures	30.4	33.2
Construction in progress	39.9	27.7
Other property and equipment	241.8	236.9
Less: accumulated depreciation	(929.6)	(911.1)
Total property and equipment, net	$ 520.2	$ 568.2

Depreciation expense is excluded from Cost of services, Cost of product sales, Cost of instant products and Other operating expenses and is separately presented within D&A.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Depreciation expense	$ 54.7	$ 70.0	$ 107.8	$ 136.9

Assets Held For Sale

As of June 30, 2018 we had $55.1 million of assets held for sale, and none as of December 31, 2017. Assets held for sale primarily relate to our Gaming business segment and consist of certain properties in Las Vegas and Chicago that are actively being marketed for sale as a result of recent facility rationalization and integration activities. These assets are included within Prepaid expenses, deposits and other current assets and are reported at the lower of the carrying value or fair market value, less expected costs to sell. We measured the fair value of assets held for sale under a market approach and have categorized such measurements as Level 3 in the fair value hierarchy. Based on our fair value measurement during the first quarter of 2018, the book value related to our assets held for sale was reduced by approximately $19.0 million, which was recorded within D&A, with no material changes to such fair value during the second quarter of 2018.

(8) Intangible Assets, net and Goodwill

Intangible Assets, net

The following tables present certain information regarding our intangible assets as of June 30, 2018 and December 31, 2017.

	June 30, 2018			December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	$ 1,086.3	$ (257.6)	$ 828.7	$ 881.4	$ (214.8)	$ 666.6
Intellectual property	919.8	(397.6)	522.2	788.1	(332.7)	455.4
Licenses	417.8	(236.4)	181.4	419.5	(206.9)	212.6
Brand names	124.7	(53.2)	71.5	125.7	(46.5)	79.2
Trade names	107.9	(18.6)	89.3	98.7	(14.7)	84.0
Patents and other	23.0	(12.9)	10.1	27.1	(14.5)	12.6
	2,679.5	(976.3)	1,703.2	2,340.5	(830.1)	1,510.4
Non-amortizable intangible assets:						
Trade names	96.3	(2.1)	94.2	96.3	(2.1)	94.2
Total intangible assets	$ 2,775.8	$ (978.4)	$ 1,797.4	$ 2,436.8	$ (832.2)	$ 1,604.6

The following reflects intangible amortization expense included within D&A:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amortization expense	$ 75.6	$ 68.9	$ 152.7	$ 130.8

Goodwill

Following the NYX acquisition, in the first quarter of 2018, we revised our operating segments as described in Note 3.

As a result of our resegmentation during the first quarter of 2018, we reviewed our operating segments in accordance with ASC 350 to determine if additional reporting units exist within our operating segments based on the availability of discrete financial information that is regularly reviewed by segment management. We determined that we have nine reporting units: Instant Products, U.S. Lottery Systems, International Lottery Systems, SG Gaming, legacy U.K. Gaming, Casino Management Systems, Table Products, Social Gaming, and SG Digital. The change in our reporting units resulted in the allocation of $116.9 million of the previous Interactive reporting unit goodwill balance to the new Social Gaming reporting unit with the remaining $7.5 million allocated to the new SG Digital reporting unit, which allocation was determined based on the relative fair value approach in accordance with ASC 350.

The table below reconciles the change in the carrying value of goodwill by business segment for the period from December 31, 2017 to June 30, 2018.

Goodwill	Gaming	Lottery	Interactive	Social	Digital	Totals
Balance as of December 31, 2017	$ 2,475.5	$ 356.2	$ 124.4	$ —	$ —	$ 2,956.1
Reporting unit reallocation adjustment	—	—	(124.4)	116.9	7.5	—
Acquired goodwill [1]	—	—	—	—	376.4	376.4
Foreign currency adjustments	(8.4)	(1.8)	—	(1.8)	(7.7)	(19.7)
Balance as of June 30, 2018	$ 2,467.1	$ 354.4	$ —	$ 115.1	$ 376.2	$ 3,312.8

(1) Tentative and preliminary based on our preliminary purchase price allocation as described in Note 1.

(9) Software, net

Software, net consisted of the following:

	June 30, 2018	December 31, 2017
Software	$ 1,054.9	$ 1,003.2
Accumulated amortization	(739.1)	(663.8)
Software, net	$ 315.8	$ 339.4

The following reflects amortization of software included within D&A:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amortization expense	$ 42.4	$ 36.1	$ 81.3	$ 72.4

(10) Equity Investments

Equity investments totaled $209.2 million and $253.9 million as of June 30, 2018 and December 31, 2017, respectively. We received distributions and dividends totaling $42.1 million and $41.0 million during the six months ended June 30, 2018 and 2017, respectively, primarily related to our LNS equity investment. During the second quarter of 2018, we made our second pro-rata concession funding payment to LNS of $74.3 million (€60.0 million) relating to extension of the concession for a period of up to nine years.

(11) Long-Term and Other Debt

February 2018 Refinancing Transaction

On February 14, 2018, we successfully completed a series of financing transactions, including a private offering of an additional $900.0 million principal amount of our 2025 Secured Notes, €325.0 million of new 2026 Secured Euro Notes and €250.0 million of new 2026 Unsecured Euro Notes, and an amendment to our credit agreement to refinance our existing term loan B-4 facility and increase the term loans outstanding by $900.0 million under a new term loan B-5 facility (collectively referred to as the "February 2018 Refinancing"). We used the net proceeds of the February 2018 Refinancing to redeem $2,100.0 million of our outstanding 2022 Secured Notes, prepay a portion of our revolver borrowings under our credit agreement and pay accrued and unpaid interest thereon plus related premiums, fees and expenses. In connection with the amendment to our credit agreement, the interest rate on our term loans was decreased from LIBOR plus 3.25% to LIBOR plus 2.75%. We also increased the amount of the revolving credit agreement by $24.0 million to $620.2 million through October 18, 2018, with a step-down in availability at that time to $445.7 million until the extended maturity on October 18, 2020.

In connection with the February 2018 Refinancing, we reflected $25.8 million in financing costs presented primarily as a reduction to long-term debt.

Outstanding Debt and Capital Leases

The following table reflects our outstanding debt:

	As of					
	June 30, 2018					December 31, 2017
	Final Maturity	Rate(s)	Face value	Unamortized debt discount/premium and deferred financing costs, net	Book value	Book value
Senior Secured Credit Facilities:						
2018 Revolver, varying interest rate	2018	variable	$ 42.0	$ —	$ 42.0	$ 100.5
2020 Revolver, varying interest rate	2020	variable	113.0	—	113.0	249.5
Term Loan B-4	2024	variable	—	—	—	3,193.6
Term Loan B-5	2024	variable	4,164.1	(78.1)	4,086.0	—
Senior Notes:						
2022 Secured Notes	2022	7.000%	—	—	—	2,130.7
2025 Secured Notes[2]	2025	5.000%	1,250.0	(18.4)	1,231.6	343.7
2026 Secured Euro Notes[3]	2026	3.375%	379.4	(5.5)	373.9	—
Unsecured Notes	2022	10.000%	2,200.0	(26.9)	2,173.1	2,170.1
2026 Unsecured Euro Notes[3]	2026	5.500%	291.9	(4.3)	287.6	—
Subordinated Notes:						
2020 Notes	2020	6.250%	243.5	(1.3)	242.2	241.8
2021 Notes	2021	6.625%	340.6	(4.0)	336.6	336.0
Capital lease obligations, 3.9% as of June 30, 2018 payable monthly through 2019	2019	3.900%	7.9	—	7.9	10.7
Total long-term debt outstanding			$ 9,032.4	$ (138.5)	$ 8,893.9	$ 8,776.6
Less: current portion of long-term debt					(48.7)	(40.3)
Long-term debt, excluding current portion					$ 8,845.2	$ 8,736.3
Fair value of debt [1]			$ 9,095.8			

(1) Fair value of our fixed rate and variable interest rate debt is classified within level 2 in the fair value hierarchy and has been calculated based on the quoted market prices of our securities.
(2) In connection with the February 2018 Refinancing, we entered into certain cross-currency interest rate swap agreements to achieve more attractive interest rates by effectively converting a portion of the fixed-rate, $460.0 million U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to a fixed-rate Euro-denominated debt, with a fixed annual weighted average interest rate of approximately 2.946%. These cross-currency swaps have been designated as a hedge of our net investment in certain subsidiaries.
(3) We designated a portion of our 2026 Secured Euro Notes as a net investment non-derivative hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our operating results caused by the change in foreign currency exchange rates of the Euro relative to the U.S. Dollar (see Note 12 for additional information). The total change in the face value of the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes due to changes in foreign currency exchange rates since the issuance was a reduction of $41.2 million, of which $34.5 million and $33.4 million were recognized as a Gain on remeasurement of debt in the Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2018, respectively.

We were in compliance with the financial covenants under our debt agreements as of June 30, 2018.

Term Loan B-5

The new term B-5 loans that were entered into as part of the February 2018 Refinancing mature in August 2024 and will amortize in quarterly installments in an amount equal to 1.00% per annum of the stated principal amount thereof, with the remaining balance due at final maturity. The applicable margin for the new term B-5 loans is 2.75% per annum for eurocurrency (LIBOR) loans and 1.75% per annum for base rate loans, compared to 3.25% per annum for eurocurrency (LIBOR) loans and 2.25% per annum for base rate loans under the previous term B-4 loan facility.

2026 Secured and Unsecured Euro Notes

In connection with the February 2018 Refinancing, SGI issued €325.0 million aggregate principal amount of its new 2026 Secured Euro Notes and €250.0 million aggregate principal amount of its new 2026 Unsecured Euro Notes. Interest on both of these notes is payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. Both issuances were made at a price equal to 100.0% of the principal amount.

The 2026 Secured Euro Notes were issued pursuant to an indenture dated as of February 14, 2018 (the "2026 Secured Notes Indenture"). SGI may redeem some or all of the 2026 Secured Euro Notes at any time prior to February 15, 2021 at a redemption price equal to 100% of the principal amount of the 2026 Secured Euro Notes plus accrued and unpaid interest, if any, to the date of redemption plus a "make whole" premium. SGI may redeem some or all of the 2026 Secured Euro Notes at any time on or after February 15, 2021 at the prices specified in the 2026 Secured Notes indenture.

The 2026 Secured Euro Notes are senior secured obligations of SGI and are equally and ratably secured with SGI’s obligations under the credit agreement and the 2025 Secured Notes. The 2026 Secured Euro Notes are equal in rank to all of SGI’s existing and future senior debt and rank senior to all of SGI's existing and future senior subordinated debt. The 2026 Secured Euro Notes are guaranteed on a senior secured basis by SGC and all of its wholly owned U.S. subsidiaries (other than SGI, the unrestricted social gaming business entities and immaterial subsidiaries). The 2026 Secured Euro Notes are structurally subordinated to all of the liabilities of our non-guarantor subsidiaries.

The 2026 Unsecured Euro Notes were issued pursuant to an indenture dated as of February 14, 2018 (the "2026 Unsecured Notes Indenture"). SGI may redeem some or all of the 2026 Unsecured Euro Notes at any time prior to February 15, 2021 at a redemption price equal to 100% of the principal amount of the 2026 Unsecured Euro Notes plus accrued and unpaid interest, if any, to the date of redemption plus a "make whole" premium. SGI may redeem some or all of the 2026 Unsecured Euro Notes at any time on or after February 15, 2021 at the prices specified in the 2026 Unsecured Notes indenture.

The 2026 Unsecured Euro Notes are senior unsecured obligations of SGI and rank equally to all of SGI’s existing and future senior debt and rank senior to all of SGI's existing and future senior subordinated debt. The 2026 Unsecured Euro Notes are guaranteed on a senior unsecured basis by SGC and all of its wholly owned U.S. subsidiaries (other than SGI, the unrestricted social gaming business entities and immaterial subsidiaries). The 2026 Unsecured Euro Notes are structurally subordinated to all of the liabilities of our non-guarantor subsidiaries.

Effective April 30, 2018, the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes are listed on the Official List of The International Stock Exchange.

2025 Senior Secured Notes

In connection with the February 2018 Refinancing, SGI issued $900.0 million in aggregate principal amount of additional 2025 Secured Notes under the existing indenture governing the 2025 Secured Notes. Therefore the additional 2025 Secured Notes have the same terms as the previously issued $350.0 million in aggregate principal amount of 2025 Secured Notes initially issued in October 2017 except for the issue date and offering price. The additional 2025 Secured Notes and the initial 2025 Secured Notes are treated as a single series of debt securities for all other purposes under the indenture governing the 2025 Secured Notes.

For additional information regarding terms of our credit agreement and 2025 Secured Notes, see Note 16 in our 2017 10-K.

Loss on Debt Financing Transactions

The following are components of the loss on debt financing transactions resulting from debt extinguishment and modification accounting for the six months ended June 30, 2018 and 2017, none of which were incurred for the three-month comparable periods:

	Six Months Ended June 30,	
	2018	2017
Repayment and cancellation of principal balance at premium	$ 110.3	$ —
Unamortized debt (premium) discount and deferred financing costs, net	(29.8)	25.8
Third party debt issuance fees	12.7	3.9
Total loss on debt financing transactions	$ 93.2	$ 29.7

(12) Fair Value Measurements

The fair value of our financial assets and liabilities is determined by reference to market data and other valuation techniques as appropriate. We believe the fair value of our financial instruments, which are principally cash and cash equivalents, restricted cash, accounts receivable, other current assets, accounts payable and accrued liabilities, approximates their recorded values. Our assets and liabilities measured at fair value on a recurring basis are described below.

Derivative Financial Instruments

We record derivative financial instruments on the balance sheet at their respective fair values. As described in Note 1, during the first quarter of 2018, we adopted ASU 2017-12. As of June 30, 2018, we held the following derivative instruments that were accounted for pursuant to ASC 815:

Interest Rate Swap Contracts

We currently use interest rate swap contracts as described below to mitigate gains or losses associated with the change in expected cash flows due to fluctuations in interest rates on our variable rate debt. Our interest rate swaps that we held as of December 31, 2017 expired in January 2018.

In February 2018, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we pay. These interest rate swap contracts are designated as cash flow hedges under ASC 815. We pay interest at a weighted-average fixed rate of 2.4418% and receive interest at a variable rate equal to one-month LIBOR. The total notional amount of interest rate swaps outstanding was $800.0 million as of June 30, 2018. These hedges mature in February 2022.

These hedges are highly effective in offsetting changes in our future expected cash flows due to the fluctuation in the one-month LIBOR rate associated with our variable rate debt. We qualitatively monitor the effectiveness of these hedges on a quarterly basis. As a result of the effective matching of the critical terms on our variable rate interest expense being hedged to the hedging instruments being used, we expect these hedges to remain highly effective.

All gains and losses from these hedges are recorded in Other comprehensive income (loss) until the future underlying payment transactions occur. Any realized gains or losses resulting from the hedges are recognized (together with the hedged transaction) as interest expense. We estimate the fair value of our interest rate swap contracts by discounting the future cash flows of both the fixed rate and variable rate interest payments based on market yield curves. The inputs used to measure the fair value of our interest rate swap contracts are categorized as Level 2 in the fair value hierarchy as established by ASC 820.

The following table shows the gains and interest expense recognized on our interest rate swap contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gains recorded in accumulated other comprehensive loss, net of tax	$ 3.8	$ —	$ 5.7	$ 2.8
Interest expense recorded related to interest rate swap contracts	1.1	2.0	1.6	4.1

We do not expect to reclassify material amounts from Accumulated other comprehensive loss to interest expense in the next twelve months.

The following table shows the effect of interest rate swap contracts designated as cash flow hedges on the consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Interest expense	
Total amounts of expense line item presented in the statements of operations and comprehensive loss in which the effects of cash flow hedges are recorded	$ (146.1)	$ (300.9)
Hedged item	(5.0)	(6.6)
Derivative designated as hedging instrument	3.9	5.0

Cross-Currency Interest Rate Swaps

In connection with the February 2018 Refinancing (see Note 11), we entered into certain cross-currency interest rate swap agreements to achieve more attractive interest rates by effectively converting $460.0 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to fixed-rate Euro-denominated debt, with a fixed annual weighted average interest rate of approximately 2.946%. We have designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our operating results caused by the changes in foreign currency exchange rates of the Euro relative to the U.S. Dollar.

We use the spot method to measure the effectiveness of our net investment hedge. Under this method, for each reporting period, the change in the fair value of the $460.0 million cross-currency interest rate swaps is reported in foreign currency translation gain (loss) in Accumulated other comprehensive loss. The cross-currency basis spread (along with other components of the cross-currency swap's fair value excluded from the spot method effectiveness assessment) are amortized and recorded to interest expense. We evaluate the effectiveness of our net investment hedge at the beginning of each quarter.

The following table shows the fair value of our hedges:

	Balance Sheet Line Item	June 30, 2018	December 31, 2017
Interest rate swaps [(1)(3)]	Other assets/(accrued liabilities)	$ 7.6	$ (0.2)
Cross-currency interest rate swaps[(2)(3)]	Other assets	2.8	—

(1) The gains of $5.0 million and $7.6 million for the three and six months ended June 30, 2018, respectively, are reflected in Derivative financial instrument unrealized gain, net of tax in Other comprehensive income.
(2) The gains of $23.6 million and $2.8 million for the three and six months ended June 30, 2018, respectively, are reflected in Foreign currency translation loss in Other comprehensive income.
(3) The inputs used to measure the fair value of our interest rate swap contracts are categorized as Level 2 in the fair value hierarchy.

Net Investment Non-derivative Hedge - 2026 Secured Euro Notes

We designated $125.0 million of our 2026 Secured Euro Notes as a net investment non-derivative hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our results caused by the changes in foreign currency exchange rates of the Euro relative to the U.S. Dollar.

We use the spot method to measure the effectiveness of our net investment non-derivative hedge. Under this method, for each reporting period, the change in the hedged portion of the carrying value of the 2026 Secured Euro Notes due to remeasurement is reported in foreign currency translation gain (loss) in Other comprehensive income, and the remaining remeasurement change is recognized in Loss on remeasurement of debt in our consolidated statements of operations and comprehensive loss. We evaluate the effectiveness of our net investment non-derivative hedge at the beginning of each quarter and the inputs used to measure the fair value of this non-derivative hedge are categorized as Level 2 in the fair value hierarchy.

Contingent Consideration Liabilities

In connection with our 2017 acquisitions, we have recorded certain contingent consideration liabilities, of which the values are primarily based on reaching certain earnings-based metrics, with a maximum payout of up to $38.5 million. The related liabilities were recorded at fair value on the acquisition date as part of the consideration transferred and are remeasured each reporting period. The inputs used to measure the fair value of our liabilities are categorized as Level 3 in the fair value hierarchy.

Based on the first quarter of 2018 remeasurement and as a result of changes in significant unobservable inputs primarily consisting of projected earnings-based measures and probability of achievement (categorized as Level 3 in the fair

value hierarchy as established by ASC 820), we increased the fair value of certain long-term contingent consideration by $18.0 million, which change was included in Restructuring and other, with no material changes during the second quarter of 2018. Contingent consideration liabilities as of June 30, 2018 and December 31, 2017 were $25.5 million and $7.5 million, respectively, and are primarily included in other long-term liabilities.

We did not have assets and liabilities measured at fair value on a non-recurring basis as of June 30, 2018.

(13) Stockholders' Deficit

Stock Based Compensation

The following reflects total stock-based compensation expense recognized under all programs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Related to stock options	$ 7.3	$ 1.3	$ 8.7	$ 1.5
Related to RSUs	8.3	5.8	15.7	11.5
Total	$ 15.6	$ 7.1	$ 24.4	$ 13.0

(14) Income Taxes

We consider new evidence (both positive and negative) at each reporting date that could affect our view of the future realization of deferred tax assets. Based upon the evaluation of all available evidence, and considering the projected U.S. pre-tax losses for 2018, we maintain a valuation allowance for our U.S. operations as of June 30, 2018. We maintained other valuation allowances for certain non-U.S. jurisdictions with cumulative losses.

The effective income tax rates for the three and six months ended June 30, 2018 were 0.0% and (3.1)%, respectively, and (19.5%) and (19.8%) for the three and six months ended June 30, 2017, respectively, and were determined using an estimated annual effective tax rate after considering any discrete items for such periods. Due to the aforementioned valuation allowance against our U.S. deferred tax assets, the effective tax rate for the six months ended June 30, 2018 does not include the benefit of the current year U.S. tax losses. In the six months ended June 30, 2017, we recorded an overall tax expense due to the application of a full valuation allowance against the U.S. pre-tax losses coupled with a tax expense on foreign pre-tax earnings. The change in the effective tax rates relates primarily to the overall mix of income in our foreign jurisdictions.

As disclosed in our 2017 10-K Note 21, our accounting for the Tax Cuts and Jobs Act (the "Tax Act") is incomplete; however, we were able to reasonably estimate certain effects, and consequently we recorded provisional adjustments associated with: (1) impact on deferred tax assets (DTAs) and deferred tax liabilities (DTLs) from reduction of U.S. federal corporate income tax rate; (2) the deemed repatriation transition tax; and (3) impact on valuation allowances. Additionally, as disclosed in our 2017 10-K Note 21, we were not yet able to reasonably estimate the effects of the Tax Act for the Global Intangible Low Income Tax (GILTI). There were no changes to these items during the second quarter of 2018, as we continue to evaluate the impacts of the Tax Act.

Because of the complexity of the new GILTI tax rules, we are continuing to evaluate this provision of the Tax Act and the application of ASC 740. Under U.S. GAAP, we are allowed to make an accounting policy election of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the “period cost method”) or (2) factoring such amounts into our measurement of deferred taxes (the “deferred method”). Our selection of an accounting policy related to the new GILTI tax rules will depend, in part, on analyzing projections of our global overall mix of income to determine whether we expect to have future U.S. inclusions in taxable income related to GILTI and, if so, the expected impact. Because whether we expect to have future U.S. inclusions in taxable income related to GILTI depends on a number of different aspects of our estimated future global overall mix of income, we are not yet able to reasonably estimate the long-term effects of this provision of the Tax Act; therefore, we have not recorded any potential deferred tax effects related to GILTI in the consolidated financial statements and have not made a policy decision regarding whether to record deferred taxes on GILTI or to use the period cost method. We expect to complete our accounting within the prescribed measurement period.

(15) Litigation

We are involved in various routine and other specific legal proceedings, including the following which are described in Note 22 within our 2017 10-K: *Colombia litigation and SNAI litigation*. There have been no material changes to these matters since the 2017 10-K was filed with the SEC, except as described below.

We record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss can be reasonably estimated (although, as discussed below, there may be an exposure to loss in excess of the accrued liability). We evaluate our accruals for legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the assumptions and judgment of management. Legal costs associated with our legal proceedings are expensed as incurred. We had accrued liabilities of $29.1 million and $4.7 million for all of our legal matters that were contingencies as of June 30, 2018 and December 31, 2017, respectively.

Substantially all of our legal contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss involves a series of complex judgments about future events. Consequently, the ultimate outcomes of our legal contingencies could result in losses in excess of amounts we have accrued. We may be unable to estimate a range of possible losses for some matters pending against us or our subsidiaries, even when the amount of damages claimed against us or our subsidiaries is stated because, among other things: (1) the claimed amount may be exaggerated or unsupported; (2) the claim may be based on a novel legal theory or involve a large number of parties; (3) there may be uncertainty as to the likelihood of a class being certified or the ultimate size of the class; (4) there may be uncertainty as to the outcome of pending appeals or motions; (5) the matter may not have progressed sufficiently through discovery or there may be significant factual or legal issues to be resolved or developed; and/or (6) there may be uncertainty as to the enforceability of legal judgments and outcomes in certain jurisdictions. Other matters have progressed sufficiently that we are able to estimate a range of possible loss. For those legal contingencies disclosed in Note 22 in our 2017 10-K and this Note 15 as well as those related to the previously disclosed settlement agreement entered into in February 2015 with SNAI S.p.a., as to which a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a range of possible loss, the current estimated range is up to approximately $14.0 million in excess of the accrued liabilities (if any) related to those legal contingencies. This aggregate range represents management's estimate of additional possible loss in excess of the accrued liabilities (if any) with respect to these matters based on currently available information, including any damages claimed by the plaintiffs, and is subject to significant judgment and a variety of assumptions and inherent uncertainties. For example, at the time of making an estimate, management may have only preliminary, incomplete, or inaccurate information about the facts underlying a claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties, regulators, indemnitors or co-defendants, may prove to be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that management had not accounted for in its estimate because it had considered that outcome to be remote. Furthermore, as noted above, the aggregate range does not include any matters for which we are not able to estimate a range of possible loss. Accordingly, the estimated aggregate range of possible loss does not represent our maximum loss exposure. Any such losses could have a material adverse impact on our results of operations, cash flows or financial condition. The legal proceedings underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate.

Shuffle Tech Matter

In April 2015, Shuffle Tech International, LLC, Aces Up Gaming, Inc. and Poydras-Talrick Holdings LLC brought a civil action in the United States District Court for the Northern District of Illinois against the Company, Bally Technologies, Inc., and Bally Gaming, Inc., alleging monopolization of the market for card shufflers in violation of federal antitrust laws, fraudulent procurement of patents on card shufflers, unfair competition and deceptive trade practices. Specifically, the plaintiffs claim that the defendants used certain shuffler patents in a predatory manner to create and maintain a monopoly in the relevant shuffler market. The plaintiffs' complaint seeks no less than $100.0 million in compensatory damages (which is subject to trebling), attorneys' fees and costs, as well as injunctive and declaratory relief. In June 2015, the defendants filed a motion to dismiss. In October 2015, the district court dismissed all of the plaintiffs' claims against the defendants with prejudice, except for the claims of violation of antitrust laws related to the fraudulent procurement of patents on card shufflers. In September 2017, the district court denied defendants' motion for summary judgment, and the matter was scheduled for trial. On April 23, 2018, a court-ordered settlement conference before a magistrate judge was held, but no settlement was reached. On April 25, 2018, plaintiffs filed with the U.S. District Court an itemization of claimed damages, pursuant to which the plaintiffs, at trial, will seek to recover compensatory damages ranging from approximately $105.2 million to $139.5 million (which is subject to trebling), and also their reasonable attorneys' fees and costs. Trial began July 16, 2018 and is scheduled to end on or about August 6, 2018. We are unable at this time to estimate a range of reasonably possible losses above the amount we have accrued for this matter due to the complexity of the plaintiffs' claims, and the unpredictability of the outcome of the proceedings in the district court, and on any appeal therefrom.

Washington State Matter

On April 17, 2018, plaintiff Sheryl Fife filed a putative class action complaint against the Company in the United States District Court for the Western District of Washington. In her complaint, plaintiff seeks to represent a putative class of all persons in the State of Washington who purchased and allegedly lost virtual coins playing the Company's online social casino games, including but not limited to *Jackpot Party® Social Casino* and *Gold Fish® Casino*. The complaint asserts claims for alleged violations of Washington's Recovery of Money Lost at Gambling Act, Washington's consumer protection statute, and for unjust enrichment, and seeks unspecified money damages (including treble damages as appropriate), the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or declaratory relief. On July 2, 2018, the Company filed a motion to dismiss the plaintiff's complaint with prejudice. Due to the very early nature of this litigation, we are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible loss.

Raqqa Matter

On May 4, 2018, plaintiffs Raqqa, Inc. Pittsburg Liquors, Inc., Omdev, Inc., Om Riya, Inc., E and B Liquors, Inc., Michael Cairo, and Jason Van Lente (collectively, "plaintiffs") filed a putative class action complaint against Northstar Lottery Group LLC, IGT Global Solutions Corporation, and Scientific Games International, Inc. (collectively, "defendants"), in the United States District Court for the Southern District of Illinois. In their complaint, plaintiffs seek to represent two putative classes of persons: (1) all persons who were or are parties to a contract to sell at retail Illinois Lottery instant game tickets at any time between July 1, 2011 and the present; and (2) all natural persons who purchased one or more Illinois Lottery instant game tickets at any time between July 1, 2011 and the present. The complaint alleges that Northstar Lottery Group LLC discontinued certain Illinois instant-ticket lottery games before all grand prizes were awarded, and further alleges that those discontinuations caused economic harm to lottery players, and to lottery retailers who receive commissions on winning tickets. The complaint asserts claims for alleged tortious interference with contract, alleged tortious interference with prospective economic advantage, alleged common law fraud, alleged violation of Illinois' Consumer Fraud and Deceptive Business Practices Act, alleged unjust enrichment and alleged civil conspiracy. The complaint seeks unspecified money damages and the award of plaintiffs' attorneys' fees and costs. On June 18, 2018, the defendants filed a motion to dismiss the plaintiffs' complaint with prejudice. Due to the very early nature of this litigation, we are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible loss.

For additional information regarding our pending litigation matters, see Note 22 in our 2017 10-K.

(16) Financial Information for Guarantor Subsidiaries and Non-Guarantor Subsidiaries

We conduct substantially all of our business through our U.S. and foreign subsidiaries. As of June 30, 2018, SGI's obligations under the 2020 Notes, the 2021 Notes, the 2025 Secured Notes, the 2026 Secured Euro Notes, the Unsecured Notes and the 2026 Unsecured Euro Notes were fully and unconditionally and jointly and severally guaranteed by SGC and the Guarantor Subsidiaries other than SGI. We redeemed all of the outstanding 2022 Secured Notes during the first quarter of 2018, which were previously issued by SGI and fully and unconditionally and jointly and severally guaranteed by SGC and the Guarantor Subsidiaries other than SGI. The guarantees of our 2022 Secured Notes were released in connection with the redemption of the 2022 Secured Notes. We redeemed all of the outstanding 2018 Notes on March 17, 2017, which were previously issued by SGC and fully and unconditionally and jointly and severally guaranteed by the Guarantor Subsidiaries. The guarantees of our 2020 Notes, 2021 Notes, 2025 Secured Notes, 2026 Secured Euro Notes, Unsecured Notes, and 2026 Unsecured Euro Notes will terminate under the following customary circumstances: (1) the sale or disposition of the capital stock of the guarantor (including by consolidation or merger of the guarantor into another person); (2) the liquidation or dissolution of the guarantor; (3) the defeasance or satisfaction and discharge of the notes; (4) the release of the guarantor from any guarantees of indebtedness of SGC and SGI; and (5) the proper designation of the guarantor as an unrestricted subsidiary pursuant to the indenture governing the respective Notes.

Presented below is condensed consolidating financial information for (1) SGC, (2) SGI, (3) the Guarantor Subsidiaries and (4) the Non-Guarantor Subsidiaries as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and 2017. The condensed consolidating financial information has been presented to show the nature of assets held, results of operations and cash flows of SGC, SGI, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries assuming the current guarantee structures of the 2018 Notes, the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, the Unsecured Notes, the 2025 Secured Notes, the 2026 Secured Euro Notes, and the 2026 Unsecured Euro Notes were in effect at the beginning of the periods presented.

The condensed consolidating financial information reflects the investments of SGC in SGI and in the Guarantor Subsidiaries and Non-Guarantor Subsidiaries using the equity method of accounting. They also reflect the investments of the

Guarantor Subsidiaries in the Non-Guarantor Subsidiaries. Net changes in intercompany due from/due to accounts are reported in the accompanying Supplemental Condensed Consolidating Statements of Cash Flows as investing activities if the applicable entities have a net investment (asset) in intercompany accounts and as a financing activity if the applicable entities have a net intercompany borrowing (liability) balance.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEET
As of June 30, 2018

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Assets						
Cash and cash equivalents	$ 44.9	$ —	$ —	$ 83.3	$ (9.6)	$ 118.6
Restricted cash	—	0.6	28.0	4.7	—	33.3
Accounts receivable, net	—	73.9	201.9	286.5	—	562.3
Notes receivable, net	—	—	107.2	16.3	—	123.5
Inventories	—	30.7	92.0	129.2	(20.0)	231.9
Prepaid expenses, deposits and other current assets	11.0	66.1	98.3	73.2	0.2	248.8
Property and equipment, net	31.3	111.4	230.6	174.8	(27.9)	520.2
Investment in subsidiaries	3,005.4	929.3	1,033.3	—	(4,968.0)	—
Goodwill	—	240.2	1,886.1	1,186.5	—	3,312.8
Intangible assets, net	12.0	34.5	1,245.6	505.3	—	1,797.4
Intercompany balances	—	5,852.9	—	—	(5,852.9)	—
Software, net	63.2	36.1	161.0	55.5	—	315.8
Other assets[2]	234.1	406.3	55.6	235.4	(583.1)	348.3
Total assets	$ 3,401.9	$ 7,782.0	$ 5,139.6	$ 2,750.7	$ (11,461.3)	$ 7,612.9
Liabilities and stockholders' (deficit) equity						
Current portion of long-term debt	$ —	$ 41.7	$ —	$ 7.0	$ —	$ 48.7
Other current liabilities	99.1	123.1	219.6	240.2	(43.2)	638.8
Long-term debt, excluding current portion	—	8,844.2	—	1.0	—	8,845.2
Other long-term liabilities	92.2	10.2	616.7	198.6	(569.1)	348.6
Intercompany balances	5,479.0	—	29.8	344.1	(5,852.9)	—
Stockholders' (deficit) equity	(2,268.4)	(1,237.2)	4,273.5	1,959.8	(4,996.1)	(2,268.4)
Total liabilities and stockholders' (deficit) equity	$ 3,401.9	$ 7,782.0	$ 5,139.6	$ 2,750.7	$ (11,461.3)	$ 7,612.9

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes, the 2025 Secured Notes, which were issued in October 2017, and the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, which were issued in February 2018.
(2) Includes $14.8 million and $0.7 million in non-current restricted cash for Guarantor Subsidiaries and Non-Guarantor Subsidiaries, respectively.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2017

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Assets						
Cash and cash equivalents	$ 732.6	$ —	$ —	$ 59.4	$ (3.2)	$ 788.8
Restricted cash	—	0.6	28.3	0.1	—	29.0
Accounts receivable, net	0.4	68.1	192.6	279.8	—	540.9
Notes receivable, net	—	—	121.1	22.4	—	143.5
Inventories	—	40.7	91.8	131.8	(21.2)	243.1
Prepaid expenses, deposits and other current assets	6.5	30.3	41.6	52.7	—	131.1
Property and equipment, net	28.8	91.5	295.6	179.9	(27.6)	568.2
Investment in subsidiaries	3,098.7	867.9	987.7	—	(4,954.3)	—
Goodwill	—	240.3	1,880.4	835.4	—	2,956.1
Intangible assets, net	15.7	34.9	1,335.3	218.7	—	1,604.6
Intercompany balances	—	5,889.8	—	222.5	(6,112.3)	—
Software, net	67.2	24.7	199.0	48.5	—	339.4
Other assets[2]	234.4	388.8	62.0	270.3	(574.9)	380.6
Total assets	$ 4,184.3	$ 7,677.6	$ 5,235.4	$ 2,321.5	$ (11,693.5)	$ 7,725.3
Liabilities and stockholders' (deficit) equity						
Current portion of long-term debt	$ —	$ 32.8	$ —	$ 7.5	$ —	$ 40.3
Other current liabilities	67.6	199.0	254.2	206.4	(27.7)	699.5
Long-term debt, excluding current portion	—	8,733.0	—	3.3	—	8,736.3
Other long-term liabilities	68.8	11.3	650.3	110.9	(565.1)	276.2
Intercompany balances	6,074.9	—	37.4	—	(6,112.3)	—
Stockholders' (deficit) equity	(2,027.0)	(1,298.5)	4,293.5	1,993.4	(4,988.4)	(2,027.0)
Total liabilities and stockholders' (deficit) equity	$ 4,184.3	$ 7,677.6	$ 5,235.4	$ 2,321.5	$ (11,693.5)	$ 7,725.3

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, the 2025 Secured Notes and the Unsecured Notes.
(2) Includes $16.1 million and $0.7 million in non-current restricted cash for Guarantor Subsidiaries and Non-Guarantor Subsidiaries, respectively.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
Three Months Ended June 30, 2018

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$ —	$ 136.0	$ 404.4	$ 376.3	$ (72.0)	$ 844.7
Cost of services, cost of product sales and cost of instant products [2]	—	86.3	131.4	159.2	(61.0)	315.9
SG&A	43.3	9.1	51.5	82.6	(12.6)	173.9
R&D	—	0.5	21.9	26.8	—	49.2
D&A	11.9	7.4	107.4	49.5	(3.5)	172.7
Restructuring and other	30.2	(3.4)	1.7	5.0	—	33.5
Operating (loss) income	(85.4)	36.1	90.5	53.2	5.1	99.5
Interest expense	—	(146.1)	—	—	—	(146.1)
Gain on remeasurement of debt	—	34.5	—	—	—	34.5
Other income (expense), net	16.9	131.9	(119.1)	(23.4)	—	6.3
Net (loss) income before equity in income of subsidiaries and income taxes	(68.5)	56.4	(28.6)	29.8	5.1	(5.8)
Equity in income (loss) of subsidiaries	25.8	13.7	(17.2)	—	(22.3)	—
Income tax benefit (expense)	36.9	(25.7)	(3.9)	(7.3)	—	—
Net (loss) income	$ (5.8)	$ 44.4	$ (49.7)	$ 22.5	$ (17.2)	$ (5.8)
Other comprehensive (loss) income	(83.4)	29.3	(35.8)	(119.0)	125.5	(83.4)
Comprehensive (loss) income	$ (89.2)	$ 73.7	$ (85.5)	$ (96.5)	$ 108.3	$ (89.2)

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes, the 2025 Secured Notes, which were issued in October 2017, and the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, which were issued in February 2018.
(2) Exclusive of D&A.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
Three Months Ended June 30, 2017

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$ —	$ 128.3	$ 420.5	$ 284.8	$ (67.3)	$ 766.3
Cost of services, cost of product sales and cost of instant products [2]	—	86.8	129.0	135.6	(72.5)	278.9
SG&A	29.2	8.5	68.9	52.1	(12.8)	145.9
R&D	0.7	2.4	16.9	28.1	—	48.1
D&A	16.9	8.0	122.8	29.6	(2.3)	175.0
Restructuring and other	1.5	0.3	(1.1)	0.4	—	1.1
Operating (loss) income	(48.3)	22.3	84.0	39.0	20.3	117.3
Interest income (expense)	0.2	(151.1)	—	(0.3)	—	(151.2)
Other (expense) income, net	(18.1)	51.7	(31.0)	(1.4)	—	1.2
Net (loss) income before equity in income of subsidiaries and income taxes	(66.2)	(77.1)	53.0	37.3	20.3	(32.7)
Equity in income of subsidiaries	18.8	14.6	6.1	—	(39.5)	—
Income tax benefit (expense)	8.3	28.9	(27.4)	(16.2)	—	(6.4)
Net (loss) income	$ (39.1)	$ (33.6)	$ 31.7	$ 21.1	$ (19.2)	$ (39.1)
Other comprehensive income	31.7	0.3	44.7	30.2	(75.2)	31.7
Comprehensive (loss) income	$ (7.4)	$ (33.3)	$ 76.4	$ 51.3	$ (94.4)	$ (7.4)

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes and the 2025 Secured Notes, which were issued in October 2017.
(2) Exclusive of D&A.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
Six Months Ended June 30, 2018

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$ —	$ 265.6	$ 791.3	$ 745.2	$ (145.6)	$ 1,656.5
Cost of services, cost of product sales and cost of instant products [2]	—	172.6	249.8	312.3	(122.1)	612.6
SG&A	81.1	20.0	108.9	161.4	(25.9)	345.5
R&D	—	0.9	44.8	57.3	—	103.0
D&A	21.1	15.0	233.5	97.9	(6.7)	360.8
Restructuring and other	56.3	(2.6)	3.2	28.8	—	85.7
Operating (loss) income	(158.5)	59.7	151.1	87.5	9.1	148.9
Interest expense	—	(300.5)	—	(0.4)	—	(300.9)
Loss on debt financing transactions	—	(93.2)	—	—	—	(93.2)
Gain on remeasurement of debt	—	33.4	—	—	—	33.4
Other income (expense), net	32.5	269.1	(252.0)	(39.2)	—	10.4
Net (loss) income before equity in income of subsidiaries and income taxes	(126.0)	(31.5)	(100.9)	47.9	9.1	(201.4)
Equity in (loss) income of subsidiaries	(58.1)	17.3	(6.8)	—	47.6	—
Income tax (expense) benefit	(23.5)	7.5	21.4	(11.6)	—	(6.2)
Net (loss) income	$ (207.6)	$ (6.7)	$ (86.3)	$ 36.3	$ 56.7	$ (207.6)
Other comprehensive (loss) income	(31.3)	12.2	(13.4)	(45.9)	47.1	(31.3)
Comprehensive (loss) income	$ (238.9)	$ 5.5	$ (99.7)	$ (9.6)	$ 103.8	$ (238.9)

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes, the 2025 Secured Notes, which were issued in October 2017, and the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, which were issued in February 2018.
(2) Exclusive of D&A.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
Six Months Ended June 30, 2017

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Revenue	$ —	$ 246.3	$ 820.3	$ 549.4	$ (124.3)	$ 1,491.7
Cost of services, cost of product sales and cost of instant products [2]	—	169.7	252.7	257.4	(120.9)	558.9
SG&A	58.9	18.0	117.7	114.5	(22.5)	286.6
R&D	1.2	3.8	51.1	34.4	—	90.5
D&A	37.2	15.5	234.7	57.4	(4.7)	340.1
Restructuring and other	5.3	0.5	3.1	1.4	—	10.3
Operating (loss) income	(102.6)	38.8	161.0	84.3	23.8	205.3
Interest expense	(4.3)	(305.7)	—	(0.6)	—	(310.6)
Loss on debt financing transactions	(1.1)	(28.6)	—	—	—	(29.7)
Other (expense) income, net	(38.9)	102.4	(56.5)	11.2	—	18.2
Net (loss) income before equity in income of subsidiaries and income taxes	(146.9)	(193.1)	104.5	94.9	23.8	(116.8)
Equity in income of subsidiaries	23.5	31.9	21.5	—	(76.9)	—
Income tax (expense) benefit	(16.5)	72.3	(48.0)	(30.9)	—	(23.1)
Net (loss) income	$ (139.9)	$ (88.9)	$ 78.0	$ 64.0	$ (53.1)	$ (139.9)
Other comprehensive income	67.8	4.3	66.2	59.7	(130.2)	67.8
Comprehensive (loss) income	$ (72.1)	$ (84.6)	$ 144.2	$ 123.7	$ (183.3)	$ (72.1)

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes and the 2025 Secured Notes, which were issued in October 2017.
(2) Exclusive of D&A.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Six Months Ended June 30, 2018

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash (used in) provided by operating activities	$ (50.5)	$ (59.1)	$ 84.7	$ 163.7	$ (6.4)	$ 132.4
Cash flows from investing activities:						
Capital expenditures	(22.1)	(46.1)	(89.3)	(43.0)	—	(200.5)
Acquisitions of businesses and assets, net of cash acquired	—	—	(9.6)	(264.5)	—	(274.1)
Distributions of capital from equity investments	—	—	—	23.2	—	23.2
Additions to equity method investments	—	(0.9)	—	(74.3)	—	(75.2)
Other, principally change in intercompany investing activities	—	48.0	—	—	(48.0)	—
Net cash (used in) provided by investing activities	(22.1)	1.0	(98.9)	(358.6)	(48.0)	(526.6)
Cash flows from financing activities:						
Proceeds net of payments on long-term debt	—	96.6	—	(4.0)	—	92.6
Repayment of assumed NYX debt	—	—	—	(288.2)	—	(288.2)
Payments of debt issuance and deferred financing costs	—	(38.5)	—	—	—	(38.5)
Payments on license obligations	(13.8)	—	(0.2)	—	—	(14.0)
Net redemptions of common stock under stock-based compensation plans and other	(19.7)	—	(1.8)	—	—	(21.5)
Other, principally change in intercompany financing activities	(581.6)	—	15.1	518.5	48.0	—
Net cash (used in) provided by financing activities	(615.1)	58.1	13.1	226.3	48.0	(269.6)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	—	(2.9)	—	(2.9)
(Decrease) increase in cash, cash equivalents and restricted cash	(687.7)	—	(1.1)	28.5	(6.4)	(666.7)
Cash, cash equivalents and restricted cash, beginning of period	732.6	0.6	43.9	60.2	(3.2)	834.1
Cash, cash equivalents and restricted cash end of period	$ 44.9	$ 0.6	$ 42.8	$ 88.7	$ (9.6)	$ 167.4

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes, the 2025 Secured Notes, which were issued in October 2017, and the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes, which were issued in February 2018.

SCIENTIFIC GAMES CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
Six Months Ended June 30, 2017

	SGC (Parent)	SGI (Issuer[1])	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash (used in) provided by operating activities	$ (101.1)	$ (125.1)	$ 327.9	$ 177.4	$ 0.4	$ 279.5
Cash flows from investing activities:						
Capital expenditures	(25.1)	(8.9)	(67.9)	(38.3)	—	(140.2)
Acquisition of business, net of cash acquired	—	—	(26.3)	(25.8)	—	(52.1)
Distributions of capital from equity investments	—	—	—	22.4	—	22.4
Changes in other assets and liabilities and other	—	—	7.5	2.5	—	10.0
Other, principally change in intercompany investing activities	—	(102.9)	—	(166.3)	269.2	—
Net cash used in investing activities	(25.1)	(111.8)	(86.7)	(205.5)	269.2	(159.9)
Cash flows from financing activities:						
Net payments of long-term debt including proceeds and repurchases of senior notes and term loans	(250.0)	265.7	—	(3.1)	—	12.6
Payments of debt issuance and deferred financing costs	—	(27.7)	—	—	—	(27.7)
Payments on license obligations	(17.0)	—	(2.5)	—	—	(19.5)
Net redemptions of common stock under stock-based compensation plans	(3.9)	—	—	—	—	(3.9)
Other, principally change in intercompany financing activities	507.1	—	(237.9)	—	(269.2)	—
Net cash provided by (used in) financing activities	236.2	238.0	(240.4)	(3.1)	(269.2)	(38.5)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	—	2.8	—	2.8
Increase (decrease) in cash, cash equivalents and restricted cash	110.0	1.1	0.8	(28.4)	0.4	83.9
Cash, cash equivalents and restricted cash, beginning of period	32.7	1.7	41.0	82.6	(1.1)	156.9
Cash, cash equivalents and restricted cash end of period	$ 142.7	$ 2.8	$ 41.8	$ 54.2	$ (0.7)	$ 240.8

(1) Issuer of obligations under the 2020 Notes, the 2021 Notes, the 2022 Secured Notes, which were redeemed in March 2018, the Unsecured Notes and the 2025 Secured Notes, which were issued in October 2017.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to enhance the reader's understanding of our operations and current business environment and should be read in conjunction with the description of our business included under Part I, Item 1 "Condensed Consolidated Financial Statements" and Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q and under Part I, Item 1 "Business," Item 1A "Risk Factors" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 10-K.

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the disclosures and information contained and referenced under "Forward-Looking Statements" and "Risk Factors" included in this Quarterly Report on Form 10-Q and "Risk Factors" included in our 2017 10-K. As used in this MD&A, the terms "we," "us," and "our" mean SGC together with its consolidated subsidiaries.

BUSINESS OVERVIEW

We are a leading developer of technology-based products and services and associated content for the worldwide gaming, lottery, social and digital gaming industries. Our portfolio of revenue-generating activities primarily includes supplying gaming machines and game content, casino management systems, and table game products and services to licensed gaming entities; providing instant and draw-based lottery games, lottery systems, and lottery content and services to lottery operators; providing social casino solutions to retail consumers and regulated gaming entities as applicable; and providing a comprehensive suite of digital RMG and sports betting solutions, distribution platforms, content, products and services. We also gain access to technologies and pursue global expansion through strategic acquisitions and equity investments.

Recent Events

- On June 1, 2018, Barry L. Cottle succeeded Kevin M. Sheehan as SGC's President and Chief Executive Officer, after previously having served as the Company's Chief Executive, SG Interactive.

- On May 14, 2018 the Supreme Court of the United States overturned the Professional and Amateur Sports Protection Act (PASPA), a decision that opens up a path to legalization of sports betting across the country.

Segments

Beginning in the first quarter of 2018, we report our operations in four business segments — Gaming, Lottery, Social and Digital — representing our different products and services. Additionally, as a result of our Chief Executive Officer change and starting with the second quarter of 2018, we changed our business segment measure of profit or loss from operating income (loss) to Attributable EBITDA. See "Consolidated Results" below and Note 3 for additional business segment information.

Foreign Exchange

Our results are impacted by changes in foreign currency exchange rates used in the translation of foreign functional currencies into USD and the re-measurement of foreign currency transactions or balances. The impact of foreign currency exchange rate fluctuations represents the difference between current rates and prior-period rates applied to current activity. Our exposure to foreign currency volatility on revenue is as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018		2017		2018		2017	
($ in millions)	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue
Foreign Currency:								
British Pound Sterling	$ 79.9	9.5%	$ 50.7	6.6%	$ 163.2	9.9%	$ 102.1	6.8%
Euro	59.0	7.0%	33.7	4.4%	113.2	6.8%	66.8	4.5%
Australian Dollar	28.1	3.3%	34.6	4.5%	52.8	3.2%	58.5	3.9%

We also have foreign currency exposure related to certain of our equity investments, cross-currency interest rate swaps, and Euro-denominated debt. See "Risk Factors" under Item 1A and "Consolidated Results — Other Factors Affecting 2017 Net Loss Comparability— Foreign exchange" under Item 7 in our 2017 10-K and Item 3 "Quantitative and Qualitative

Disclosures about Market Risk" in this Quarterly Report on Form 10-Q. Foreign currency had a positive impact of $7.5 million and $19.6 million on revenue for the three and six months ended June 30, 2018, respectively.

CONSOLIDATED RESULTS

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Total revenue	$ 844.7	$ 766.3	$ 78.4	10 %	$ 1,656.5	$ 1,491.7	$ 164.8	11 %
Total operating expenses	745.2	649.0	96.2	15 %	1,507.6	1,286.4	221.2	17 %
Operating income	99.5	117.3	(17.8)	(15)%	148.9	205.3	(56.4)	(27)%
Net loss before income taxes	(5.8)	(32.7)	26.9	(82)%	(201.4)	(116.8)	(84.6)	72 %
Net loss	$ (5.8)	$ (39.1)	$ 33.3	(85)%	$ (207.6)	$ (139.9)	$ (67.7)	48 %

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenue

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Gaming	$ 470.7	$ 457.2	$ 13.5	3%	$ 913.7	$ 897.2	$ 16.5	2%
Lottery	207.1	202.3	4.8	2%	408.8	391.4	17.4	4%
Social	99.7	91.1	8.6	9%	197.1	171.3	25.8	15%
Digital	67.2	15.7	51.5	328%	136.9	31.8	105.1	331%
Total revenue	$ 844.7	$ 766.3	$ 78.4	10%	$ 1,656.5	$ 1,491.7	$ 164.8	11%

Gaming revenue increased for both comparable periods primarily due to higher gaming systems and table products sales, partially offset by lower WAP and premium game service and Other Participation and leased units revenue. The decrease in WAP and premium game service and Other Participation and leased units revenue is primarily due to the lower ending installed base and average daily revenue per unit coupled with the impact of ASC 606 adoption. The three and six months ended June 30, 2018 reflect $6.5 million and $10.9 million, respectively, in jackpot charges for our WAP services recorded as a reduction to revenue, which was reflected as a cost of services in the prior-year comparable periods. The Gaming revenue increase included a favorable foreign currency impact of $3.8 million and $12.9 million in the three and six months ended June 30, 2018, respectively.

Lottery revenue increased for both comparable periods primarily due to higher lottery systems revenue for the three-month comparable period and higher lottery systems revenue and instant products revenue for the six-month comparable period. The increase in lottery systems revenue is due to organic domestic growth partially offset by lower international terminal and software sales. Lottery revenue increases included a favorable foreign currency impact of $3.1 million and $6.1 million for the three and six months ended June 30, 2018, respectively.

Social revenue increased for both comparable periods primarily due to continued growth in our Social gaming business, reflecting the ongoing popularity of *88 Fortunes*®, *Quick Hit*® *Slots*, *Bingo Showdown*™ and the success of more recent apps, such as the introduction of the *MONOPOLY* themed casino app featuring new innovative style of play characteristics, which was launched during the second quarter of 2018.

Digital revenue increased primarily due to the impact of the NYX acquisition completed on January 5, 2018, which comprised $50.6 million and $99.8 million in revenue for the three and six months ended June 30, 2018, respectively.

Operating expenses

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Operating expenses:								
Cost of services	$ 124.2	$ 98.9	$ 25.3	26 %	$ 246.1	$ 202.2	$ 43.9	22%
Cost of product sales	120.4	108.7	11.7	11 %	225.5	215.3	10.2	5%
Cost of instant products	71.3	71.3	-	-	141.0	141.4	(0.4)	-
SG&A	173.9	145.9	28.0	19 %	345.5	286.6	58.9	21%
R&D	49.2	48.1	1.1	2 %	103.0	90.5	12.5	14%
D&A	172.7	175.0	(2.3)	(1)%	360.8	340.1	20.7	6%
Restructuring and other	33.5	1.1	32.4	2,945 %	85.7	10.3	75.4	732%
Total operating expenses	$ 745.2	$ 649.0	$ 96.2	15 %	$ 1,507.6	$ 1,286.4	$ 221.2	17%

Cost of revenue

Total cost of revenue for the three-month comparable period increased due to: (1) a $25.3 million increase in cost of services largely due to the impact of the NYX acquisition coupled with a higher Social business segment cost of services commensurate with revenue growth, partially offset by $5.3 million in prior period jackpot expense for our WAP services recorded as a reduction to revenue previously reflected as a cost of services in the prior-year comparable period; and (2) an $11.7 million increase in cost of products primarily driven by higher unit sales of gaming machines.

Total cost of revenue for the six-month comparable period increased primarily due to: (1) a $43.9 million higher cost of services commensurate with the overall increase in services revenue, coupled with the impact of the NYX acquisition; and inclusive of the effect of $12.4 million in jackpot charge for our WAP services recorded as expense in the prior year now being reflected as a reduction of revenue; and (2) a $10.2 million higher cost of product sales commensurate with an overall increase in Gaming product sales.

SG&A

The increase in SG&A for both comparable periods is largely due to the impact of the NYX acquisition coupled with higher stock-based compensation attributable to a $9.7 million incremental expense related to acceleration of equity awards associated with recent executive changes, and higher Social business segment marketing costs.

R&D

The increase in R&D for the six-month comparable period was primarily attributable to the impact of the NYX acquisition amounting to $15.9 million, which was partially offset by lower Gaming business segment R&D spending for certain projects and more efficient business operations.

D&A

The decrease in D&A for the three-month comparable period was primarily due to: (1) certain Gaming segment acquired intangible assets becoming fully depreciated during 2017; partially offset by (2) a $13.5 million increase due to the impact of the NYX acquisition.

The increase in D&A for the six-month comparable period was primarily due to: (1) a $26.1 million increase due to the impact of the NYX acquisition; (2) a $19.0 million impairment charge related to our assets held for sale (see Note 7); partially offset by (3) certain Gaming segment acquired intangible assets becoming fully depreciated during 2017.

Restructuring and other

The increase in Restructuring and other for both comparable periods was due to higher severance and related charges associated with management changes coupled with NYX integration related costs and an increase in our legal reserve for legal matters. The six-month comparable period is impacted by the following items reflected in the current year period: (1) an $18.0 million non-cash fair value contingent consideration remeasurement charge (see Note 12); (2) a $25.0 million legal reserve; (3) $20.9 million in employee severance; and (4) $7.7 million of NYX related acquisition costs.

Other Factors Affecting Net Loss Comparability

(in millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Factors Affecting Net Loss 2018 vs. 2017
Interest expense	$ (146.1)	$ (151.2)	$ (300.9)	$ (310.6)	Lower cash interest costs primarily resulting from 2017 and 2018 refinancing transactions, partially offset by higher outstanding debt principal balances (further discussed in “Liquidity, Capital Resources and Working Capital” and Note 11).
Loss on debt financing transactions	—	—	(93.2)	(29.7)	Loss on debt financing transactions from our refinancing transactions consummated during the 2018 first quarter, inclusive of a $110.3 million premium charge associated with the redemption of the 2022 Secured Notes (see Note 11).
Gain on remeasurement of debt	34.5	—	33.4	—	The gain is attributable to remeasurement of the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes and reflective of weakening of the Euro vs. the U.S. dollar since the issuance of these notes (1.24 exchange rate at issuance vs. 1.17 as of June 30, 2018).
Income tax expense	—	(6.4)	(6.2)	(23.1)	The reduction is primarily due to the overall mix of income in our foreign jurisdictions.

See "Business Segments Results" below for a more detailed explanation of the significant changes in our components of revenue within the individual segment results of operations.

BUSINESS SEGMENTS RESULTS

GAMING

Our Gaming business segment designs, develops, manufactures, markets and distributes a comprehensive portfolio of gaming products and services. We provide our Gaming portfolio of products and services to commercial casinos, Native American casinos, wide-area gaming operators such as licensed betting offices ("LBOs"), arcade and bingo operators in the U.K. and continental Europe, and government agencies and their affiliated operators.

We generate Gaming revenue from both services and product sales. Our services revenue includes revenue earned from WAP, premium and daily-fee Participation gaming machines, other leased gaming machines (including VLTs and electronic table games), supplied table products and services (including Shufflers), casino management technology solutions and systems, and other services revenues. Our product sales revenue includes the sale of new and used gaming machines, electronic table games, VLTs and VGTs, casino-management technology solutions and systems, table products, PTG licensing, conversion kits (including game, hardware or operating system conversions) and spare parts. For additional information, refer to the Gaming primary business activities summary included within "Business Segment Results" under Item 7 of our 2017 10-K.

Current Year Update

We expect to continue to face pricing pressure in our Gaming business segment. We anticipate that demand for our gaming systems products and services will remain at a constant level due to several Canadian contracts and related new system implementations anticipated to continue during the second half of 2018; however, timing can fluctuate based on timing of installations of the solutions. We believe we have begun to stabilize the erosion in the installed base of WAP, premium and daily-fee Participation gaming machines. In 2017, we demonstrated a significant breadth and depth of innovative new products that we expect to launch during 2018 to support our target of growing the overall category. These products were headlined by three *JAMES BOND* themed games showcased on our new *Gamefield 2.0™*, *TwinStar J43™ iReels*, and *Twinstar® V75* cabinets, which begun launch in June of 2018.

During the second quarter of 2018, we signed a new seven-year agreement with Ladbrokes Coral Group to continue to supply terminals, content and related services, which represents a significant portion of our U.K. LBO server-based gaming business.

In May 2018, the U.K. government approved the reduction of fixed-odds betting terminals maximum stakes limit from £100 to £2, however the implementation date has not been defined and is pending parliamentary approval.

Results of Operations and Key Performance Indicators for Gaming

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Total revenue	$ 470.7	$ 457.2	$ 13.5	3 %	$ 913.7	$ 897.2	$ 16.5	2%
Total operating expenses	362.6	371.3	(8.7)	(2)%	733.5	733.8	(0.3)	-
AEBITDA	235.7	226.9	8.8	4 %	453.8	436.6	17.2	4%

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenue

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Revenue:								
Gaming operations	$ 159.9	$ 178.4	$ (18.5)	(10)%	$ 321.3	$ 350.8	$ (29.5)	(8)%
Gaming machine sales	167.6	163.3	4.3	3 %	312.4	319.5	(7.1)	(2)%
Gaming systems	84.3	67.1	17.2	26 %	159.3	128.6	30.7	24 %
Table products	58.9	48.4	10.5	22 %	120.7	98.3	22.4	23 %
Total revenue	$ 470.7	$ 457.2	$ 13.5	3 %	$ 913.7	$ 897.2	$ 16.5	2 %
F/X impact on revenue	$ 3.8	$ (4.9)			$ 12.9	$ (10.0)		
KPIs:								
WAP, premium and daily-fee Participation units:								
Installed base at period end	20,671	20,956	(285)	(1)%	20,671	20,956	(285)	(1)%
Average daily revenue per unit (exclusive of WAP jackpot expense)	$ 50.31	$ 52.30	$ (1.99)	(4)%	$ 50.16	$ 51.76	$ (1.60)	(3)%
Other Participation and leased units:								
Installed base at period end	47,991	48,645	(654)	(1)%	47,991	48,645	(654)	(1)%
Average daily revenue per unit	$ 14.16	$ 14.94	$ (0.78)	(5)%	$ 14.31	$ 14.95	$ (0.64)	(4)%
Gaming machine unit sales:								
U.S. and Canadian new unit shipments	5,749	4,367	1,382	32 %	10,416	10,229	187	2 %
International new unit shipments	2,492	3,411	(919)	(27)%	4,693	5,908	(1,215)	(21)%
Total new unit shipments	8,241	7,778	463	6 %	15,109	16,137	(1,028)	(6)%
Average sales price per new unit	$ 17,699	$ 17,550	$ 149	1 %	$ 17,710	$ 17,278	$ 432	3 %

Gaming Operations

Gaming operations revenue decreased for the three-month comparable period primarily due to: (1) $6.5 million in jackpot charge for our WAP services recorded as a reduction to revenue as a result of ASC 606 adoption; (2) a 285-unit decrease in the ending installed base of WAP, premium and daily-fee Participation gaming machines and a 654-unit decrease in the ending other installed base for Other Participation and leased units; and (3) a decrease in the average daily revenue per WAP, premium and daily-fee Participation units and Other Participation and leased units revenue.

Gaming operations revenue decreased for the six-month comparable period primarily due to: (1) $10.9 million in jackpot expense for our WAP services recorded as a reduction to revenue as a result of ASC 606 adoption; (2) a 285-unit decrease in the ending installed base of WAP, premium and daily-fee Participation gaming machines and a 654-unit decrease in

the ending other installed base for Other Participation and leased units; and (3) a decrease in the average daily revenue per WAP, premium and daily-fee Participation units and Other Participation and leased units revenue.

Gaming Machine Sales

Gaming machine unit sales increased for the three-month comparable period due to higher new unit sales coupled with a 1% increase in the average sales price per unit to $17,699, reflecting a more favorable mix of gaming machines. Gaming machine unit sales decreased for the six-month comparable period primarily due to lower unit sales resulting from fewer casino openings and expansions during the first part of the year. The decrease in unit sales was partially offset by a 3% increase in the average sales price per unit to $17,710, reflecting a more favorable mix of gaming machines. The following table summarizes the change in Gaming machine unit sales:

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2018	2017	2018 vs. 2017		2018	2017	2018 vs. 2017	
U.S. and Canadian unit shipments:								
Replacement units	4,388	3,773	615	16 %	8,131	6,912	1,219	18 %
Casino opening and expansion units	1,361	594	767	129 %	2,285	3,317	(1,032)	(31)%
Total unit shipments	5,749	4,367	1,382	32 %	10,416	10,229	187	2 %
International unit shipments:								
Replacement units	2,492	3,357	(865)	(26)%	4,432	5,430	(998)	(18)%
Casino opening and expansion units	—	54	(54)	(100)%	261	478	(217)	(45)%
Total unit shipments	2,492	3,411	(919)	(27)%	4,693	5,908	(1,215)	(21)%

Gaming Systems

Gaming systems revenue increased for both comparable periods primarily due to increased hardware sales, driven by placements of the *iView* 4 player-interface display units coupled with ongoing installations of new systems to casinos in the provinces of Alberta and Ontario.

Table Products

Table products revenue increased for both comparable periods primarily due to increased Shuffler sales, coupled with the impact of the acquisition of Tech Art, which closed in January 2018.

Operating Expenses

The decrease in operating expenses for the three-month comparable period is due to lower D&A of $15.0 million as a result of certain acquired intangible assets becoming fully depreciated during 2017 coupled with $6.6 million lower R&D and SG&A combined, primarily due to more efficient business operations, which was partially offset by higher cost of revenue of $11.7 million correlated with the revenue increase. The total operating expenses for the six-month comparable period is relatively flat, with the current year period reflective of a $19.0 million impairment charge recorded during the first quarter of 2018 related to assets held for sale (see Note 7).

AEBITDA

The increase in AEBITDA for both comparable periods is a result of higher revenue (described above) and a more profitable revenue mix, primarily driven by Gaming system sales coupled with more efficient business processes driving a 0.5 percentage points and 1.0 percentage points improvement in AEBITDA as a percentage of revenue ("AEBITDA margin") for the three and six months comparable periods, respectively.

LOTTERY

Our Lottery business segment is primarily comprised of our instant products business and our systems-based services and product sales business. Our instant products business generates revenue from the manufacture and sale of instant products,

as well as the provision of value-added services such as game design, sales and marketing support, specialty games and promotions, inventory management, warehousing, fulfillment services, as well as full instant product category management. In addition, we provide licensed games, promotional entertainment and internet-based marketing services to the lottery industry. These revenues are presented as instant products revenue.

Our systems-based services and product sales business provides customized computer software, software support, equipment and data communication services, and keno to lotteries. In the U.S., we typically provide the necessary point-of-sale terminals and equipment, software and maintenance services on a Participation basis under long-term contracts that typically have an initial term of at least five years. Internationally, we typically sell terminals and/or computer software to lottery authorities and may provide ongoing fee-based systems maintenance and software support services. Refer to the Lottery primary business activities summary included within "Business Segment Results" under Item 7 of our 2017 10-K.

Our equity investments in LNS and other less significant equity investments are included in our Lottery business segment.

Current Year Update

We believe we will continue to face intense price-based competition in our Lottery business in 2018. In the near term, we also expect to see an increase in the number of jurisdictions that seek to privatize or outsource lottery operations and to face strong competition from both traditional and new competitors with respect to these opportunities. In addition, we anticipate that lottery RFPs, specifically those for private management agreements and certain of our international customers, could increasingly include terms that expose us to increased risk, such as requiring the guarantee of specific income thresholds or significant upfront payments. During the second quarter of 2018, we won the eight-year contract to be the primary instant games provider for the State of New Mexico.

Results of Operations and Key Performance Indicators for Lottery

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
($ in millions)	**2018**	**2017**	**2018 vs. 2017**		**2018**	**2017**	**2018 vs. 2017**	
Total revenue	$ 207.1	$ 202.3	$ 4.8	2%	$ 408.8	$ 391.4	$ 17.4	4%
Total operating expenses	134.7	132.0	2.7	2%	275.3	265.0	10.3	4%
AEBITDA	99.4	95.6	3.8	4%	193.5	180.9	12.6	7%

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenue

($ in millions)	Three Months Ended June 30, 2018	2017	Variance 2018 vs. 2017		Six Months Ended June 30, 2018	2017	Variance 2018 vs. 2017	
Revenue:								
Instant products	$ 150.1	$ 151.3	$ (1.2)	(1)%	$ 300.3	$ 293.0	$ 7.3	2%
Lottery systems	57.0	51.0	6.0	12 %	108.5	98.4	10.1	10%
Total revenue	$ 207.1	$ 202.3	$ 4.8	2 %	$ 408.8	$ 391.4	$ 17.4	4%
F/X impact on revenue	$ 3.1	$ (2.2)			$ 6.1	$ (4.2)		
KPIs:								
Change in retail sales of U.S. lottery instant products customers[1] [2]	5.1%	5.3 %	(0.2)pp	nm	4.7%	3.8 %	0.9pp	nm
Change in retail sales of U.S. lottery systems contract customers[1][3]	3.0%	(1.0)%	4.0pp	nm	4.4%	(7.3)%	11.7pp	nm
Change in Italy retail sales of instant products[1]	2.4%	(0.8)%	3.2pp	nm	2.7%	(0.7)%	3.4pp	nm

nm = not meaningful.
pp = percentage points.
(1) Information provided by third-party lottery operators.
(2) U.S. instant products customers' retail sales include only sales of instant products.
(3) U.S. lottery systems customers' retail sales primarily include sales of draw games, keno and instant products validated by the relevant system.

Primary factors driving the three-month comparable period revenue increase were: (1) a $6.0 million increase in lottery systems revenue, driven by organic domestic growth, which was partially offset by (2) a $1.2 million decrease in instant product revenue primarily related to lower licensing related revenue. Lottery revenue included favorable foreign currency impact totaling $3.1 million for the three-month comparable period.

Primary factors driving the six-month comparable period revenue increase were a $10.1 million increase in lottery systems revenue, driven by organic domestic growth partially offset by international terminal and software sales, and a $7.3 million increase in instant product revenue, driven by higher revenue in domestic Participation contracts. Lottery revenue included favorable foreign currency impact totaling $6.1 million for the six-month comparable period.

Operating Expenses

The increase in operating expenses for both comparable periods is primarily due to higher cost of revenue correlated with the revenue growth.

AEBITDA

The increase in AEBITDA for both comparable periods is the result of higher overall revenue (described above) and more profitable business mix, partially offset by a related increase in cost of revenue and higher SG&A expense, collectively driving a 0.7 percentage points and 1.1 percentage points improvement in AEBITDA margin for the three and six months comparable periods, respectively.

SOCIAL

Our Social business segment generates revenue from the sale of virtual coins, chips or bingo cards, which players can use to play slot, table games or bingo games (i.e., spin in the case of slot games, bet in the case of table games and use of bingo cards in the case of bingo games). The games are primarily our *WMS®*, *Bally®*, *Barcrest®*, *SHFL®*, *Dragonplay®* and *Bingo Showdown* branded games. We offer both third-party branded games and original content. All of our Social revenue is comprised of B2C transactions.

Our apps include *Jackpot Party Social Casino*, *Gold Fish Casino Slots*, *Quick Hit Slots* and *Hot Shot Casino®*, *Dragonplay Slots*, *Dragonplay Poker*, *Blazing 7s Slots®*, *88 Fortunes*, a *MONOPOLY* themed casino app and *Bingo Showdown* on various platforms which include: Facebook, Apple, Google Play and Amazon Kindle.

Current Year Update

We continue to pursue our multi-product strategy in our Social gaming business. A new *MONOPOLY* themed casino app, featuring a new innovative style of play characteristics, was launched worldwide during the second quarter of 2018.

Results of Operations and Key Performance Indicators for Social

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
($ in millions)	**2018**	**2017[1]**	**2018 vs. 2017**		**2018**	**2017[1]**	**2018 vs. 2017**	
Total revenue	$ 99.7	$ 91.1	$ 8.6	9%	$ 197.1	$ 171.3	$ 25.8	15%
Operating expenses	81.2	73.6	7.6	10%	178.8	140.3	38.5	27%
AEBITDA	25.2	21.9	3.3	15%	51.4	39.8	11.6	29%

(1) Business segment information has been recast to reflect current segments - see Note 3.

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenue

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
($ in millions)	**2018**	**2017[1]**	**2018 vs. 2017**		**2018**	**2017[1]**	**2018 vs. 2017**	
Revenue:								
Social gaming	$ 99.7	$ 91.1	$ 8.6	9%	$ 197.1	$ 171.3	$ 25.8	15 %
KPIs:								
Social gaming:								
Mobile Penetration[2]	77%	72%	5pp	nm	76%	72%	4pp	nm
Average MAU[3]	8.2	7.5	0.7	9%	8.1	7.6	0.5	7 %
Average DAU[4]	2.5	2.5	—	—	2.4	2.5	(0.1)	(4)%
ARPDAU[5]	$ 0.44	$ 0.40	$ 0.04	10%	$ 0.45	$ 0.39	$ 0.06	15 %

nm = not meaningful.
pp = percentage points.
(1) Business segment information has been recast to reflect current segments - see Note 3.
(2) Mobile penetration as defined by percentage of B2C social gaming revenue generated from mobile platforms.
(3) MAU = Monthly Active Users, a count of unique visitors to our sites during a month.
(4) DAU = Daily Active Users, a count of unique visitors to our sites during a day.
(5) ARPDAU = Average daily revenue per DAU is calculated by dividing revenue for a period by the DAU for the period by the number of days for the period.

The increase in Social revenue is primarily attributable to the ongoing popularity of our *Bingo Showdown* game, *Quick Hits Slots*, *88 Fortunes*, *Gold Fish Casino Slots*, and the recently launched *MONOPOLY* themed casino app featuring a new innovative style of play.

Operating Expenses

The increase in operating expenses for both comparable periods is primarily due to higher cost of revenue correlated with the revenue growth coupled with higher SG&A as a result of higher marketing costs associated with supporting newer apps such as the *Bingo Showdown* app and *MONOPOLY* themed casino app. The total operating expenses for the six-month comparable period is impacted by an $18.0 million non-cash fair value contingent consideration remeasurement charge recorded during the first quarter of 2018 (see Note 12).

AEBITDA

The increase in AEBITDA for both comparable periods is the result of a continued rapid growth in revenue (as described above) and improved operating leverage, partially offset by higher SG&A as described above. AEBITDA margin for the three and six months comparable periods improved by 1.3 percentage points and 2.9 percentage points, respectively.

DIGITAL

Our Digital segment provides a comprehensive suite of digital gaming solutions and services, including digital RMG and sports betting solutions, distribution platforms, content, products and services. A portion of our Digital revenue consists of professional services related to highly customizable software design, development, licensing, maintenance and support services, which are derived from a comprehensive suite of technology solutions. These technology solutions allow our customers to operate sports books, which can offer sport (or non-sport) events and betting markets across both fixed-odds and pari-mutuel betting styles. We also provide the Open Platform System (OPS) which offers a wide range of reporting and administrative functions and tools providing operators full control over all areas of digital gaming operations. Additionally, we derive revenue from our content aggregation platforms, including Open Gaming System (OGS), remote gaming servers, *SG Universe* platform and various other platforms, which can deliver a wide spectrum of internally developed and branded casino-style games and popular third-party provider casino-style games to gaming operators. Generally, we host the play of our game content on our centrally-located servers that are integrated with the online casino operators' websites.

Current Year Update

On May 14, 2018 the Supreme Court of the United States overturned the Professional and Amateur Sports Protection Act (PASPA), a decision that opens up a path to legalization of sports betting across the country. Following this ruling, New Jersey, Pennsylvania and Delaware legalized sports betting with a number of states being in the process of establishing their regulations. We believe we are well-positioned for future growth in the digital gaming industry due to our game content, platform technology, and distribution capabilities, which provide comprehensive solutions for our customers. With established brand-name customers already using our products and services powered by the integrated content and technology, our platform is capable of further deployment with large operators and technology providers and the expansion into new jurisdictions, including the U.S. sports book market as it becomes regulated more broadly.

During the second quarter of 2018, we successfully launched our gaming content across 7 new client sites and signed 8 new customers. We also signed a sports betting partnerships with Caesars to launch sports wagering in New Jersey and Mississippi and a multi-year contract with the British Columbia Lottery Corporation to provide expanded sportsbook solutions. We believe that our revenue pipeline remains strong.

Results of Operations for Digital

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
($ in millions)	**2018**	**2017[1]**	**2018 vs. 2017**		**2018**	**2017[1]**	**2018 vs. 2017**	
Total revenue	$ 67.2	$ 15.7	$ 51.5	328%	$ 136.9	$ 31.8	$ 105.1	331%
Operating expenses	75.2	14.4	60.8	422%	149.4	26.8	122.6	457%
AEBITDA	13.2	2.7	10.5	389%	30.4	7.8	22.6	290%

(1) Business segment information has been recast to reflect current segments - see Note 3.

Three and Six Months Ended June 30, 2018 Compared to Three and Six Months Ended June 30, 2017

Revenue

	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
($ in millions)	**2018**	**2017[1]**	**2018 vs. 2017**		**2018**	**2017[1]**	**2018 vs. 2017**	
Revenue:								
Sports and platform	$ 20.5	$ —	$ 20.5	nm	$ 46.4	$ —	$ 46.4	nm
Gaming and other	46.7	15.7	31.0	197%	90.5	31.8	58.7	185%
Total revenue	$ 67.2	$ 15.7	$ 51.5	328%	$ 136.9	$ 31.8	$ 105.1	331%

(1) Business segment information has been recast to reflect current segments - see Note 3.

nm = not meaningful.

The increase in revenue is primarily attributable to the NYX acquisition, which contributed $50.6 million and $99.8 million in revenue for the three- and six-months ended June 30, 2018, respectively.

Operating Expenses and AEBITDA

The increase in operating expenses and AEBITDA for both comparable periods is the result of the inclusion of NYX.

RECENTLY ISSUED ACCOUNTING GUIDANCE

For a description of recently issued accounting pronouncements, see Note 1.

CRITICAL ACCOUNTING ESTIMATES

For a description of our policies regarding our critical accounting estimates, see "Critical Accounting Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 10-K.

Other than the application of business combinations policy for the NYX acquisition, the adoption of ASC 606 and update to our goodwill impairment assessment critical estimates described below, there have been no significant changes in our critical accounting estimate policies or the application of those policies to our condensed consolidated financial statements from those presented in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 10-K.

Business Combinations

We account for business combinations in accordance with ASC 805. This standard requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination.

Determining the fair value of assets acquired and liabilities assumed requires management judgment, the utilization of independent valuation experts and often involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash inflows and outflows, discount rates, market prices and asset lives, among other items. Any changes in the underlying assumptions can impact the estimates of fair value by material amounts, which can in turn materially impact our results of operations. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these fair values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate D&A expense. If our estimates of the economic lives change, D&A expense could be accelerated or slowed. See Note 1 for "Acquisition of NYX and Preliminary Purchase Price Allocation" completed during the first quarter of 2018, which is subject to adjustment as we finalize our purchase price accounting, and such adjustments could be material.

Revenue Recognition

As described in Note 1, on January 1, 2018, we adopted ASC 606 using the modified retrospective method, which was applied to customer contracts that were not completed as of January 1, 2018. Our revenue recognition policies described fully in Note 2 require us to make significant judgments and estimates. The guidance in ASC 606 requires that we apply judgments or estimates to determine the performance obligations, the stand-alone selling prices of our performance obligations to customers, and the timing of transfer of control of the respective performance obligations. The evaluation of each of these criteria in light of contract specific facts and circumstances is inherently judgmental, but certain judgments could significantly affect the timing or amount of revenue recognized if we were to reach a different conclusion than we have. The critical judgments we are required to make in our assessment of contracts with customers that could significantly affect the timing or amount of revenue recognized are:

- *Contracts with Multiple Promised Goods and Services* - because we enter into contracts with customers that involve promises to transfer multiple products and services, the determination of the distinct performance obligations in contracts with multiple promises requires significant judgment. Our total gaming systems, lottery systems and digital revenue that often contain multiple promised goods and services was $243.7 million for the six months ended June 30, 2018, or approximately 15 percent of consolidated revenue, a portion of which would not be recognized if we had reached a different conclusion.

- *Determination of stand-alone selling prices* - the guidance in ASC 606 requires that we determine the stand-alone selling price for our goods and services as a basis for allocating the transaction price to the identified distinct performance obligations in our contracts with customers. Because we often bundle the selling price for multiple promised goods or services or we may license systems for which the solutions we provide are highly customized and therefore the prices we charge are either uncertain, highly variable, or both, the determination of a stand-alone selling price or the relative range requires significant judgment. Our total gaming systems, lottery systems and digital revenue that could be subject to this judgment and thus allocated to distinct performance obligations differently was a portion of $243.7 million for the six months ended June 30, 2018, or approximately 15 percent of consolidated revenue.

- *Transfer of control in Lottery POS contracts* - the guidance in ASC 606 requires that we recognize revenue when or as control over a performance obligation transfers to a customer. In instant products contracts under POS terms, instant products are delivered to lottery customers but we retain the risk of such inventory until retail sales of such tickets takes place. Because those shipments are to a lottery-controlled warehouse and we do not have the ability to direct the use of such instant products subsequent to this delivery, we have determined that control transfers upon delivery. This conclusion requires the use of judgment. If we concluded that control transferred upon retail sales when the end customer obtained control over the instant tickets, revenue would decrease by $4.9 million for the six months ended June 30, 2018.

Goodwill

A substantial portion of our legacy U.K. Gaming reporting unit revenue is concentrated with Ladbrokes Coral Group, which operates LBOs in the U.K. In October 2017, the U.K. government published its consultation on the review of stakes and prizes for all gaming terminals in the U.K. gaming sector recommending a reduction in stakes on certain gaming machines. In May 2018, the U.K. government published its decision concluding that fixed-odds betting terminals maximum stakes limit should be reduced from £100 to £2. The implementation date has not been defined and the final regulation is pending parliamentary approval.

Based upon our current projections and analysis and assuming the recommended changes to stakes limits are effective in the second half of 2019, we do not believe that it is more likely than not that the fair value of our legacy U.K. Gaming reporting unit is less than its carrying amount. This analysis includes significant uncertainty and incorporates highly subjective projections as to the ultimate impact of the regulatory change on our customers and our U.K. gaming business if and when enacted into law. Although we have currently concluded that it is not more likely than not that the fair value of our legacy U.K. Gaming reporting unit is less than its carrying amount, adverse changes in projected revenue, profit margin or capital expenditures, or changes in weightings between the income approach and market approaches we have historically applied could change this conclusion and lead to future impairments, which could be material. As of June 30, 2018, our legacy U.K Gaming reporting unit carrying amount of goodwill was $183.1 million.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Sources of Liquidity

As of June 30, 2018, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents and amounts available under our revolving credit facility discussed below under "Credit Agreement and Other Debt."

On February 14, 2018, we successfully completed a series of financing transactions, including a private offering of an additional $900.0 million principal amount of our 2025 Secured Notes, €325.0 million of new 2026 Secured Euro Notes and €250 million of new 2026 Unsecured Euro Notes, and an amendment to our credit agreement to refinance our existing term loan B-4 facility and increase the term loans outstanding by $900.0 million under a new term loan B-5 facility (collectively referred to as the "February 2018 Refinancing"). We used the net proceeds of the February 2018 Refinancing to redeem $2,100.0 million of our outstanding 2022 Secured Notes, prepay a portion of our revolver borrowings under our credit agreement and pay accrued and unpaid interest thereon plus related premiums, fees and expenses. In connection with the amendment to our credit agreement, the interest rate on our term loans was decreased from LIBOR plus 3.25% to LIBOR plus 2.75%. We also increased the amount of the revolving credit agreement by $24.0 million to $620.2 million through October 18, 2018, with a step-down in availability at that time to $445.7 million until the extended maturity on October 18, 2020.

Cash and Available Revolver Capacity

($ in millions)	As of June 30, 2018	As of December 31, 2017
Cash and cash equivalents	$ 118.6	$ 788.8
Revolver capacity	620.2	596.2
Revolver capacity drawn or committed to letters of credit	(180.2)	(375.6)
Total	$ 558.6	$ 1,009.4

The amount of our available cash and cash equivalents fluctuates principally based on borrowings or repayments under our credit facilities, investments, acquisitions and changes in our working capital position. The borrowing capacity under our revolving credit facility will depend on the amount of outstanding borrowings and letters of credit issued and on us remaining in compliance with the covenants under our credit agreement, including a maintenance covenant based on consolidated net first lien leverage. We were in compliance with the covenants under our credit agreement as of June 30, 2018.

We believe that our cash flow from operations, available cash and cash equivalents and available borrowing capacity under our existing or anticipated financing arrangements will be sufficient to meet our liquidity needs for the foreseeable future; however, we cannot assure that this will be the case. We believe that substantially all cash held outside the U.S. is free from legal encumbrances or similar restrictions that would prevent it from being available to meet our global liquidity needs.

Total cash held by our foreign subsidiaries was $80.1 million as of June 30, 2018.

Our Gaming Participation and Lottery systems businesses generally require significant upfront capital expenditures, and we may need to incur additional capital expenditures in order to retain or win new contracts. Our ability to make payments on and to refinance our indebtedness and other obligations depends on our ability to generate cash in the future. We may also, from time to time, repurchase or otherwise retire or refinance our debt, through our subsidiaries or otherwise. In the event we pursue significant acquisitions or other expansion opportunities, we may need to raise additional capital. If we do not have adequate liquidity to support these activities, we may be unable to obtain financing for these cash needs on favorable terms or at all. For additional information regarding our cash needs and related risks, see Item 1A "Risk Factors" in our 2017 10-K.

In addition, Lottery customers in the U.S. generally require service providers to provide performance bonds in connection with the relevant contract. As of June 30, 2018, our outstanding performance bonds totaled $234.6 million. Our ability to obtain performance bonds on commercially reasonable terms is subject to our financial condition and to prevailing market conditions, which may be impacted by economic and political events. Although we have not experienced difficulty in obtaining such bonds to date, we cannot assure that we will continue to be able to obtain performance bonds on commercially reasonable terms, or at all. For additional information regarding our surety or performance bonds in connection with our contracts, see Item 1A "Risk Factors" in our 2017 10-K.

During the second quarter of 2018, we made our second pro-rata concession funding payment to LNS of $74.3 million (€60.0 million) related to extension of the concession for a period of up to nine years.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Cash Flow Summary

($ in millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Variance 2018 vs. 2017
Net cash provided by operating activities	$ 132.4	$ 279.5	$ (147.1)
Net cash used in investing activities	(526.6)	(159.9)	(366.7)
Net cash used in financing activities	(269.6)	(38.5)	(231.1)
Effect of exchange rates on cash, cash equivalents and restricted cash	(2.9)	2.8	(5.7)
(Decrease) increase in cash, cash equivalents and restricted cash	$ (666.7)	$ 83.9	$ (750.6)

Cash flows from operating activities

($ in millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Variance 2018 vs. 2017
Net loss	$ (207.6)	$ (139.9)	$ (67.7)
Adjustments to reconcile net loss to cash flows from operations	482.2	402.1	80.1
Changes in working capital accounts	(138.3)	12.6	(150.9)
Changes in deferred income taxes and other	(3.9)	4.7	(8.6)

Net cash provided by operating activities for the six months ended June 30, 2018 decreased primarily due to changes in working capital accounts, partially offset by a $12.4 million increase in incremental net earnings after reconciling adjustments. Unfavorable change in our working capital accounts was primarily due to the change in accrued interest due to the February 2018 Refinancing and timing of interest payments, higher NYX acquisition related payments, coupled with higher Restructuring and other charges during the first half of 2018. The changes in our working capital accounts during the six months ended June 30, 2018 were primarily driven by the following:

- $154.8 million decrease in accounts payable and accrued liabilities as a result of timing and amount of interest payments and other expenditures, inclusive of expenditures associated with the NYX acquisition;
- $28.3 million net increase in contract assets and other current assets and liabilities, inclusive of an impact of ASC 606 adoption; partially offset by
- $44.8 million decrease in accounts and notes receivables due to strong collections during the six-month period primarily driven by our Gaming and Lottery business segments.

Cash flows from investing activities

Net cash used in investing activities increased primarily due to the NYX acquisition described in Note 1 and the second pro-rata concession funding payment to LNS of $74.3 million (€60.0 million) described in Note 10 coupled with higher capital expenditures. Higher capital expenditures are driven by our Gaming business segment due to anticipated acceleration of our gaming operations installed base of participation games and Lottery business segment associated with the new lottery contracts, combined with capital expenditures attributable to the NYX operations. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software.

Cash flows from financing activities

Net cash used in financing activities increased primarily due to repayment of assumed NYX debt of $288.2 million, higher payments of deferred financing fees associated with the February 2018 Refinancing, and higher net redemptions of common stock under stock-based compensation plans, partially offset by higher proceeds associated with the refinancing activities.

Credit Agreement and Other Debt

For additional information regarding our credit agreement and other debt, interest rate risk and interest rate hedging instruments, see Notes 16 and 17 and Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our 2017 10-K, as well as Note 11 in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of June 30, 2018, we did not have any significant off-balance sheet arrangements.

Contractual Obligations

Other than completion of the NYX and Tech Art acquisitions described in Note 1, the February 2018 Refinancing described in Note 11, and the second pro-rata concession funding payment to LNS of $74.3 million (€60.0 million) described in Note 10, there have been no material changes to our contractual obligations disclosed under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Capital Resources and Working Capital — Contractual Obligations" in our 2017 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. The following are our primary exposures to market risks:

Interest Rate Risk

As of June 30, 2018, the face value of long term debt was $9,032.4 million, including $4,319.1 million of variable-rate obligations. Assuming a constant outstanding balance for our variable-rate long term debt, a hypothetical 1% change in interest rates would decrease/increase interest expense by approximately $43.2 million. All of our interest rate sensitive financial instruments are held for purposes other than trading purposes.

We have attempted to limit our exposure to interest rate risk by using interest rate swap contracts to mitigate interest rate risk associated with a portion of our variable rate debt instruments. The objective of our interest rate swap contracts, which are designated as cash flow hedges of the future interest payments, is to eliminate the variability of cash flows attributable to the LIBOR component of interest expense to be paid on a portion of our variable rate debt.

Cross-Currency Interest Rate Swaps

In connection with the February 2018 Refinancing (see Note 11), we entered into certain cross-currency interest rate swap agreements to achieve more attractive interest rates by effectively converting $460.0 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes, including the semi-annual interest payments through October 2023, to a fixed-rate Euro-denominated debt, with a fixed annual weighted interest rate of approximately 2.946%. We have designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our operating results caused by the changes in foreign currency exchange rates of the Euro with respect to the U.S. Dollar.

As of June 30, 2018, if these cross-currency interest rate swap agreements were ineffective, the fluctuations in the exchange rates between the Euro and the U.S. Dollar would impact the amount of U.S. Dollars that we would require to settle the Euro-denominated debt at maturity of these agreements. A hypothetical 10% change in the U.S. Dollar in comparison to the Euro exchange rate upon inception of the cross-currency interest rate swap would have increased/decreased our obligation to cash settle the exchanged principal portion in U.S. Dollars by approximately $46.0 million.

Net Investment Non-derivative Hedge - 2026 Secured Euro Notes

In February 2018, we designated a portion of our 2026 Secured Euro Notes as a net investment non-derivative hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency in order to reduce the volatility in our operating results caused by the changes in foreign currency exchange rates of the Euro with respect to the U.S. Dollar.

Fluctuations in the exchange rates between the Euro and the U.S. Dollar will impact the amount of U.S. Dollars that we will require to settle the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes at maturity. A hypothetical 10% change in U.S. Dollar in comparison to the Euro as of June 30, 2018, would have increased/decreased our obligation to cash settle the principal portion of the 2026 Secured and Unsecured Euro Notes in U.S. Dollars by approximately $67.1 million.

For additional information regarding interest rate swap contracts, cross-currency interest rate swaps and net investment non-derivative hedges see Note 12.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule

13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

In January 2018, we completed the NYX acquisition (see Note 1) and are in the process of integrating NYX and our internal controls over financial reporting. In conjunction with these integration activities, we are implementing an ERP system and continue to evaluate certain controls, some of which are likely to be revised. However, those changes in internal controls over financial reporting resulting from these implementation and integration activities have not, as of yet, been incorporated into our evaluation of the effectiveness of the Company's internal control over financial reporting as they remain incomplete at this time.

Except as noted above, there were no changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 15 in this Quarterly Report on Form 10-Q and Note 22 in our 2017 10-K.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed under Item 1A "Risk Factors" included in our 2017 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There was no stock repurchase activity during the six months ended June 30, 2018.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1(a)	Articles of Merger filed with the Secretary of State of the State of Nevada on January 10, 2018 (incorporated by reference to Exhibit 3.3 to Scientific Games Corporation's Current Report on Form 8-K filed on January 10, 2018).
3.1(b)	Certificate of Merger filed with the Secretary of State of the State of Delaware on January 10, 2018 (incorporated by reference to Exhibit 3.4 to Scientific Games Corporation's Current Report on Form 8-K filed on January 10, 2018).
3.1(c)	Amended and Restated Articles of Incorporation of Scientific Games Corporation, filed with the Secretary of State of the State of Nevada on January 10, 2018 (incorporated by reference to Exhibit 3.1 to Scientific Games Corporation's Current Report on Form 8-K filed on January 10, 2018).
3.2	Amended and Restated Bylaws of Scientific Games Corporation, effective as of January 10, 2018 (incorporated by reference to Exhibit 3.2 to Scientific Games Corporation's Current Report on Form 8-K filed on January 10, 2018).
10.1	Amendment to Employment Agreement, effective as of April 9, 2018, between Larry Potts and Scientific Games Corporation (incorporated by reference to Exhibit 10.4 to Scientific Games Corporations' Quarterly Report on Form 10-Q filed on May 2, 2018).*
10.2	Employment Agreement, dated as of May 4, 2018, by and between Scientific Games Corporation and Barry Cottle.*(†)
10.3	Employment Agreement, dated as of May 14, 2018, by and between Scientific Games Corporation and Doug Albregts.*(†)
10.4	Amended and Restated Employment Agreement, dated as of May 14, 2018, by and between Scientific Games Corporation and Derik Mooberry.*(†)
10.5	Agreement and General Release, dated as of June 19, 2018, by and between Scientific Games Corporation and Kevin Sheehan.*(†)
10.6	Amendment to Consulting Agreement, dated as of May 2, 2018, by and between Scientific Games Corporation and Michael Gavin Isaacs.*(†)
31.1	Certification of the Chief Executive Officer of Scientific Games Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)
31.2	Certification of the Chief Financial Officer of Scientific Games Corporation pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (†)
32.1	Certification of the Chief Executive Officer of Scientific Games Corporation pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (†)
32.2	Certification of the Chief Financial Officer of Scientific Games Corporation pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (†)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Label Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

(†) Filed herewith.

*Management contracts and compensation plans and arrangements.

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 thereunto duly authorized.

SCIENTIFIC GAMES CORPORATION

(Registrant)

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

By:	/s/ Michael F. Winterscheidt
Name:	Michael F. Winterscheidt
Title:	Chief Accounting Officer

Dated: August 1, 2018

Amendment to Employment Agreement

This Amendment (this "Amendment") to the Employment Agreement between Larry Potts ("Employee") and Scientific Games Corporation, a Nevada corporation (the "Company"), is made and effective as of April 9, 2018.

WHEREAS, the Company and Employee entered into an Employment Agreement dated as of January 1, 2006 (executed August 2, 2006), which was amended by a letter agreement dated October 2, 2008 (the "First Amendment"), an amendment to the Employment Agreement dated as of December 30, 2008, a letter agreement dated September 28, 2011, a letter agreement dated April 30, 2014 and a letter agreement dated May 1, 2015 (as so amended, the "Agreement"); and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Agreement;

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Term*. The Term shall be extended to April 30, 2019, subject to earlier termination in accordance with Section 5 of the Agreement. The penultimate sentence of Section 2 of the Agreement shall be deleted in its entirety, such that the Term shall no longer be extended automatically and shall end on April 30, 2019.

2. *Transition; Offices and Duties*. Effective as of April 9, 2018 (the "Transition Date"), the defined term "Executive" and all uses of it in the Agreement shall be replaced with the term "Employee". Effective upon the Transition Date, Section 3 of the Agreement shall be deleted in its entirety and replaced with the following:

> "During the Term, Employee will serve as Compliance Advisor to the Chief Executive Officer. In such capacity, Employee shall report to the Chief Executive Officer and shall perform such duties and shall have such responsibilities as may be assigned to Employee from time to time by the Chief Executive Officer. Employee's functions, duties and responsibilities are subject to reasonable changes as the Company may in good faith determine. Employee hereby agrees to accept such employment and to serve the Company to the best of his ability in such capacities, devoting substantially all of his business time to such employment. For the avoidance of doubt, a part-time or adjunct teaching position will not be considered to be done on business time."

   Upon the Transition Date, Employee shall no longer serve as an officer or director of any subsidiary or affiliate of the Company, and agrees to relinquish all such positions and titles he currently holds effective upon the Transition Date.

3. *Annual Equity Awards*. Section 4(c) of the Agreement shall be deleted in its entirety. For the avoidance of doubt, Employee shall not be entitled to receive a grant of annual equity awards in 2018 or 2019.

4. *Health and Welfare Benefits*. Effective upon the Transition Date, the phrase "its other senior executives" contained in Section 4(e) of the Agreement shall be deleted and replaced with the phrase "its senior executives".

5. *Good Reason*. Employee hereby agrees that this Amendment constitutes Employee's prior written consent, as contemplated by Section 5(e) of the Agreement, to the changes to Employee's employment contemplated by this Amendment and any actions taken by the Company in furtherance thereof so that such changes and actions shall not constitute Good Reason for purposes of the Agreement. Furthermore, Employee agrees that the second sentence in Section 5(e) containing the definition of "Good Reason" is deleted and replaced with the following:

> "For purposes of this Agreement "Good Reason" shall mean that, without Employee's prior written consent, any of the following shall have occurred: (A) a material decrease in base salary or material decrease in Employee's Incentive Compensation opportunity provided under this Agreement; or (B) any other material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of, this Agreement; provided, however, that a termination by Employee for Good Reason under clause (A) or (B) of this Section 5(e) shall not be considered effective unless Employee shall have provided the Company with written notice of the specific reasons for such termination within thirty (30) days after Employee has knowledge of the event or circumstance constituting Good Reason and the Company shall have failed to cure the event or condition allegedly constituting Good Reason within thirty (30) days after such notice has been given to the Company and Employee actually terminates his employment within one (1) year following the initial occurrence of the event giving rise to Good Reason."

6. *Termination Upon Expiration of Agreement*. The paragraph of the First Amendment entitled "Termination Upon Expiration of Agreement" shall be deleted in its entirety. Upon expiration of the Agreement, as modified by this Amendment, on April 30, 2019, Employee shall receive the Standard Termination Payments and, provided Employee has, within 21 days of April 30, 2019, delivered to the Company, and not revoked, a release agreement, substantially in the form attached hereto as Exhibit A (the "Release Requirement"):

   a. no later than March 15, 2020, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Employee had Employee remained in employment with the Company during all of 2019, multiplied by (B) a fraction the numerator of which is 120 and the denominator of which is 365;

   b. the consulting agreement attached hereto as Exhibit B (the "Consulting Agreement") shall become effective as of May 1, 2019 (in the event the Release Requirement is not satisfied, the Consulting Agreement shall be null and void and of no effect);

   c. all unvested restricted stock units held by Employee shall become fully vested and non-forfeitable and shares of the Company's common stock in respect of such restricted stock units shall be delivered to Employee as soon as practicable, but in no event more than 70 days following April 30, 2019;

   d. all unvested stock options held by Employee shall continue to vest during the term of the Consulting Agreement as if Employee was still an employee of the Company and if Employee provides consulting services to the Company in accordance with the terms of the Consulting Agreement through December 31, 2020, all unvested stock options as of such date shall become fully vested and non-forfeitable; and

e. all vested stock options held by Employee (including those that become vested in accordance with paragraph 6(d) above) shall remain outstanding and exercisable until the scheduled expiration date of such stock options;

provided, however, that all equity awards held by Employee and/or all amounts received by him in respect thereof shall remain subject to forfeiture or recovery by the Company pursuant to Sections 5(k) and 6.6 of the Agreement and any applicable clawback or similar compensation recovery policy adopted by the Company from time to time. The Company and Employee hereby agree and acknowledge that the Release Requirement shall satisfy the requirements of Section 5(k) of the Agreement.

7. The reference to the State of New York in Section 13(a) of the Agreement shall be deleted and replaced with the State of Nevada.

8. Section 16 shall be deleted and replaced with:

Notices. All notices and other communications to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by certified mail or by a recognized national courier service, postage or charges prepaid, (a) to Scientific Games Corporation, Attn: Legal Department, 6601 Bermuda Rd., Las Vegas, NV 89119, (b) to Employee, at the last address shown in the Company's records, or (c) to such other replacement address as may be designated in writing by the addressee to the addressor.

Except as set forth in this Amendment, all terms and conditions of the Agreement shall remain unchanged and in full force and effect in accordance with their terms. All references to the "Agreement" in the Agreement shall refer to the Agreement as previously amended and as amended by this Amendment.

This Amendment may be executed in counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Amendment as of April 9, 2018.

SCIENTIFIC GAMES CORPORATION

By: /s/Shawn Williams
Name: Shawn Williams
Title: SVP & CHRO

/s/Larry Potts
Larry Potts

Exhibit A

Release Agreement

[see attached]

Exhibit A

RELEASE AGREEMENT

In consideration of the promises contained herein and in the Amendment to Employment Agreement dated as of April 9, 2018 (the "Amendment"), Scientific Games Corporation (the "Company") and Larry Potts ("you") hereby enter into this release agreement (this "Release Agreement") as of May ____, 2019.

Whereas, the Company and you entered into an Employment Agreement dated as of January 1, 2006 (executed August 2, 2006), which was amended by a letter agreement dated October 2, 2008, an amendment to the Employment Agreement dated as of December 30, 2008, a letter agreement dated September 28, 2011, a letter agreement dated April 30, 2014, a letter agreement dated May 1, 2015, and the Amendment (as so amended, the "Employment Agreement"); and

WHEREAS, the Amendment includes this Release Agreement as an exhibit thereto; and

WHEREAS, the Company's obligations to you upon expiration of your Employment Agreement are conditioned on you entering into this Release Agreement;

NOW THEREFORE, you hereby agree to the following:

1. General Release of Claims. In consideration of the benefits described in Sections 6(a)-(e) of the Amendment (the "Expiration Benefits"), which you acknowledge are not otherwise owed to you, you understand and agree that you are knowingly and voluntarily releasing, waiving and forever discharging, to the fullest extent permitted by law, on your own behalf and on behalf of your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you (collectively referred to as the "Releasors"), the Company, and its affiliates, subsidiaries and members, predecessors, successors or assigns, and any of its or their past or present parents, affiliates, subsidiaries and members, predecessors, successors or assigns; and any of its or their past or present shareholders; and any of its or their past or present directors, executives, members, officers, insurers, attorneys, employees, consultants, agents, both individually and in their business capacities, and employee benefits plans and trustees, fiduciaries, and administrators of those plans (collectively referred to as the "Released Parties"), of and from any and all claims under local, state or federal law, whether known or unknown, asserted and unasserted, that you and/or the other Releasors have or may have against Released Parties as of the day you sign this Release Agreement, including but not limited to all matters relating to or in any way arising out of any aspect of your employment with the Company, separation from employment with the Company, or your treatment by the Company while in the Company's employ, all claims under any applicable law, and all other claims, charges, complaints, liens, demands, causes of action, obligations, damages (including punitive or exemplary damages), liabilities or the like (including without limitation attorneys' fees and costs) (collectively "Claims"), including but not limited to all Claims for:

(a) salary and other wages, including, but not limited to, overtime if applicable, incentive compensation and other bonuses, severance pay, paid time off, or any benefits under the Employee Retirement Income Security Act of 1974, as amended or any other applicable local, state or federal law;

(b) discrimination, harassment or retaliation based upon race, color, national origin, ancestry, religion, marital status, sex, sexual orientation, citizenship status, pregnancy or any pregnancy related disability, family status, leave of absence (including but not limited to the Family Medical Leave Act or any other federal, state or local leave laws), handicap (including but not limited to The Rehabilitation Act of 1973), medical condition or disability, or any other characteristic covered by law under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, as amended, Sections 1981 through 1988 of the Civil Rights Act

of 1866, and any other federal, state, or local law prohibiting discrimination in employment, the Worker Adjustment and Retraining Notification Act, or any other federal, state or local law concerning plant shutdowns, mass layoffs, reductions in force or other business restructuring;

(c) discrimination, harassment or retaliation based upon age under the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act of 1990 and as further amended (the "ADEA"), or under any other federal, state, or local law prohibiting age discrimination;

(d) breach of implied or express contract (whether written or oral), breach of promise, misrepresentation, fraud, estoppel, waiver or breach of any covenant of good faith and fair dealing, including without limitation breach of any express or implied covenants of any employment agreement that may be applicable to you;

(e) defamation, negligence, infliction of emotional distress, violation of public policy, wrongful or constructive discharge, or any employment-related tort recognized under any applicable local, state, or federal law;

(f) any violation of any of the Fair Employment Practices Act, Equal Rights Act; Civil Rights Act; Minimum Fair Wages Act; Equal Pay Act; or Payment of Wages Act; or any comparable federal, state or local law;

(g) any violation of the Immigration Reform and Control Act, or any comparable federal, state or local law;

(h) any violation of the Fair Credit Reporting Act, or any comparable federal, state or local law;

(i) any violation of the Family and Medical Leave Act;

(j) any violation of the Virginia Human Rights Act, and any comparable federal, state or local law and any violation of any statute, regulation, or law of any country or nation;

(k) costs, fees, or other expenses, including attorneys' fees; and

(l) any other claim, charge, complaint, lien, demand, cause of action, obligation, damages, liabilities or the like of any kind whatsoever, whether under U.S. law or the law of another nation, including, without limitation, any claim that this Release Agreement was induced or resulted from any fraud or misrepresentation by the Company.

Excluded from the release set forth in this Section 1 are: (i) any Claims or rights to enforce benefits under the Amendment or this Release Agreement against the Company, (ii) Claims arising after the date you sign this Release Agreement, (iii) claims for indemnification covered by Section 8 of the Employment Agreement, and (iv) any Claims that you cannot lawfully release. Notwithstanding anything to the contrary contained herein, including in Section 2 below, also excluded from the release set forth in this Section 1 is your right to file a charge with an administrative agency (including the Equal Employment Opportunity Commission and the National Labor Relations Board) or participate in any agency investigation. You are, however, to the extent allowed by law, waiving your right to recover money or other damages in connection with any such charge or investigation. You are also, to the extent allowed by law, waiving your right to recover money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission, National Labor Relations Board or any other federal, state or local agency.

Furthermore, notwithstanding anything herein to the contrary, nothing in your Employment Agreement, this Release Agreement, or any other agreement between you and the Company shall (i) prohibit you from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i).

2. Additional Agreements by Employee.

(a) BY SIGNING THIS RELEASE AGREEMENT YOU ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS (KNOWN OR UNKNOWN) TO BRING OR PROSECUTE A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE RELEASED PARTIES WITH RESPECT TO ANY OF THE CLAIMS DESCRIBED ABOVE IN SECTION 1. You agree that the release set forth above will bar all claims or demands of every kind, known or unknown, referred to above in Section 1 and further agree that no non-governmental person, organization or other entity acting on your behalf has in the past or will in the future file any lawsuit, arbitration or proceeding asserting any claim that is waived or released under this Release Agreement. If you break this promise and file a lawsuit, arbitration or other proceeding asserting any Claim waived in this Release Agreement, (i) you will pay for all costs, including reasonable attorneys' fees, incurred by the Released Parties in defending against such Claim (unless such Claim is a charge with the Equal Employment Opportunity Commission or the National Labor Relations Board); (ii) you give up any right to individual damages in connection with any administrative, arbitration or court proceeding with respect to your employment with and/or termination from employment with the Company, including damages, reinstatement or attorneys' fees; and (iii) if you are awarded money damages, you will assign to the Released Parties your right and interest to all such money damages. If any claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which the Company or any other Released Party is a party. Furthermore, if you are made a member of a class or collective action in any proceeding without your prior knowledge or consent, you agree to opt out of the class or collective action at the first opportunity. Notwithstanding the foregoing, this Section 2 does not limit your right to challenge the validity of this Release Agreement in a legal proceeding under the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f), with respect to claims under the ADEA. This Section also is not intended to and shall not limit the right of a court to determine, in its discretion, that the Company is entitled to restitution, recoupment or setoff of any payments made to you by the Company should this Release Agreement be found to be invalid as to the release of claims under the ADEA.

(b) You agree that you shall not solicit, encourage, assist or participate (directly or indirectly) in bringing any Claims or actions against any of the Released Parties by other current or former employees, officers or third parties, except as compelled by subpoena or other court order or legal process, and only after providing the Company with prior notice of any such subpoena, order or legal process and an opportunity to timely contest such process. Notwithstanding the foregoing, nothing in this Release Agreement shall preclude you from making truthful statements that are required by applicable law, regulation or legal process.

(c) You represent and warrant that you have not filed any administrative, judicial or other form of complaint or initiated any claim, charge, complaint or formal legal proceeding, nor are you a party

to any such claim, against any of the Released Parties, and that you will not make such a filing at any time hereafter based on any events or omissions occurring prior to the date of execution of this Release Agreement. You understand and agree that this Release Agreement will be pleaded as a full and complete defense to any action, suit or proceeding which is or may be instituted, prosecuted or maintained by you, your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you.

(d) You agree to cooperate with Company and take all necessary steps to effectuate this Release Agreement, each of its terms and the intent of the parties.

3. **Affirmations**. In signing this Release Agreement, you are affirming that:

(a) Other than as described in the Amendment, you have been paid and/or have received all compensation, wages, bonuses, commissions, overtime and/or benefits to which you may be entitled. You affirm that you have been granted or not been denied any leave to which you were entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws;

(b) You are not eligible to receive payments or benefits under any other Company and/or other Released Party's severance pay policy, plan, practice or arrangement;

(c) You have no known workplace injuries or occupational diseases;

(d) You have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by the Company or any other Released Party that you have not reported to the Company in writing. You also affirm that you have not been retaliated against for reporting any allegations of wrongdoing by any Released Party, including any allegations of corporate fraud. Both parties acknowledge that this Release Agreement does not limit either party's right, where applicable, to file or to participate in an investigative proceeding of any federal, state or local governmental agency. To the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover any individual monetary relief or other individual remedies;

(e) You acknowledge and agree that all of the Company's decisions regarding your pay and benefits through the date of your execution of this Release Agreement were not discriminatory based on age, medical condition or disability, race, color, sex, religion, national origin, ancestry, marital status, sexual orientation, citizenship status, pregnancy or any pregnancy related disability, family status, leave of absence, handicap, or any other classification protected by law; and

(f) You acknowledge and agree that if you breach the provisions of this Release Agreement or your Employment Agreement that the Company will have the right to seek an appropriate remedy against you, which may include, but not be limited to, injunctive relief, the return of the Expiration Benefits, other monetary damages, and the payment of the Company's attorneys' fees. Additionally, if you breach this Release Agreement or the Employment Agreement the Company shall have the right, without waiving any other remedies in law or equity, to cease any further payment or delivery of the Expiration Benefits. Notwithstanding such cessation, all of your obligations hereunder shall be continuing and enforceable including but not limited to your release of claims, and the Company shall be entitled to pursue all remedies against you available at law or in equity for such breach.

4. **Governing Law; Arbitration**. The parties hereby agree that the "Governing Law; Arbitration" section of the Employment Agreement set forth at Section 13 of the Employment Agreement is incorporated into this Release Agreement.

5. **Non-Admission of Wrongdoing**. You and the Company agree that neither this Release Agreement nor the furnishing of the consideration for this Release Agreement and the Amendment shall be deemed or construed at any time for any purpose as an admission by any of the Released Parties of any liability, wrongdoing, or unlawful conduct of any kind, and the Released Parties do specifically deny, any violation of any local, state, federal, or other law, whether regulatory, common or statutory. Additionally, this Release Agreement, its existence or its terms will not be admissible in any proceeding other than a proceeding to enforce the terms of this Release Agreement.

6. **Right to Consider, Rescind and Revoke Acceptance**. This Release Agreement is intended to comply with the Older Workers Benefit Protection Act of 1990 with regard to your waiver of rights under the ADEA. In signing this Release Agreement, you understand and agree that:

(a) You are specifically advised to consult with an attorney of your own choosing before you sign this Release Agreement, as it waives and releases rights you have or may have under federal, state and local law, including but not limited to the ADEA. You acknowledge that you will bear all expenses incurred by you in the negotiation and preparation of this Release Agreement, and the Company will bear all fees incurred by it.

(b) You will have up to twenty-one (21) calendar days from the date of the expiration of the Employment Agreement (i.e., April 30, 2019) to decide whether to accept and sign this Release Agreement. In the event you do sign this Release Agreement, you may revoke or rescind your acceptance within seven (7) calendar days of signing it, and it will not become effective or enforceable until the eighth (8^{th}) day after you sign it (the "Release Agreement Effective Date"). In order to effectively revoke or rescind your acceptance, the revocation or rescission must be in writing and postmarked within the seven (7) calendar day period, and properly addressed to:

Scientific Games Corporation
6601 Bermuda Road
Las Vegas, NV 89119
Attention: Chief Legal Officer

You acknowledge that if you do not accept this Release Agreement in the manner described above, it will be withdrawn and of no effect. You acknowledge and agree that, if you revoke your acceptance of this Release Agreement, you shall receive none of the Expiration Benefits provided for in the Amendment and that this Release Agreement and the Amendment will not be admissible as evidence in any judicial, administrative or arbitral proceeding or trial. You further acknowledge that if the Release Agreement is not effectively revoked in the time period set forth above, you shall have forever waived your right to revoke this Release Agreement, and it shall thereafter have full force and effect as of the Release Agreement Effective Date.

(c) Any and all questions regarding the terms of this Release Agreement have been asked and answered to your complete satisfaction.

(d) You acknowledge that the consideration provided for hereunder is in addition to anything of value to which you already are entitled and the consideration provided for herein is good and valuable.

(e) You are entering into this Release Agreement voluntarily, of your own free will, and without any coercion or undue influence of any kind or type whatsoever.

(f) Any modifications of or revisions to this Release Agreement do not re-start the consideration period, described in paragraph (b) of this Section 6.

(g) You understand that the releases contained in this Release Agreement do not extend to any rights or claims that you have under the ADEA that first arise after execution of this Release Agreement.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Release Agreement as of the date set forth below:

SCIENTIFIC GAMES Corporation

By: Date:
Name:
Title:

I have decided to accept this Release Agreement, to fulfill the promises I have made in the Amendment and in this Release Agreement, and to receive the Expiration Benefits described in Sections 6(a)-(e) of the Amendment. I hereby freely and voluntarily assent to all the terms and conditions in this Release Agreement and reaffirm my obligations under my Employment Agreement, as amended, to the extent provisions of the Employment Agreement survive termination or expiration thereof. I understand that this Release Agreement will become a binding agreement between the Company and me as of the 8th day after I sign it, and I am signing this Release Agreement as my own free act with the full intent of releasing the Released Parties from all Claims, as described in Section 1 above, including but not limited to those under the Age Discrimination in Employment Act (ADEA).

_____ Date: _____
Larry Potts

Consulting Agreement

[see attached]

Exhibit B

CONSULTING AGREEMENT

This Consulting Agreement is entered into as of May 1, 2019 (this "**Agreement**") by and between SCIENTIFIC GAMES CORPORATION, with offices located at 6601 Bermuda Road, Las Vegas, NV 89119 (the "**Company**"), and Larry Potts, an individual, 17670 Braemar Place, Leesburg, VA 20175 (the "**Consultant**" and, together with the Company, the "**Parties**").

RECITALS

WHEREAS, the Company seeks to engage the Consultant as an independent contractor in a manner consistent with the Company's commitment to ethics and in compliance with all applicable Laws (as defined below); and

WHEREAS, the Company and the Consultant entered into an Employment Agreement dated as of January 1, 2006 (executed August 2, 2006), which was amended by a letter agreement dated October 2, 2008, an amendment to the Employment Agreement dated as of December 30, 2008, a letter agreement dated September 28, 2011, a letter agreement dated April 30, 2014, a letter agreement dated May 1, 2015, and an amendment to the Employment Agreement dated April 9, 2018 (as so amended, the "**Employment Agreement**"); and

WHEREAS, the Employment Agreement expired on April 30, 2019; and

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made herein and intending to be legally bound, the Parties hereto agree as follows:

Section 1 Interpretation

1.1 Certain Terms. As used herein, the following terms have the following meanings:

"**Affiliate**" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Code" means the Internal Revenue Code of 1986, as amended.

"**Confidential Information**" means all non-public information concerning the Company or any of its Affiliates or their respective equity investments (whether prepared by the Company or otherwise, whether oral or written, in whatever form or data storage medium and whether or not specifically identified as "confidential"), including financial and accounting information, product-related information, plans and strategies, computer programs, code and software, technical drawings and schematics, technical expertise, know-how, processes, ideas, inventions (whether patentable or not), agreements and reports (together with all analyses, compilations, forecasts, studies, summaries, notes, data and other documents and materials, in whatever form maintained and whether prepared by the Company, the Consultant or other Persons, which contain or reflect, or are based on or generated from, in whole or in part, any such information).

"**Governmental Authority**" means any national, supranational, foreign, federal, state, provincial, tribal, peripheral, regional, municipal or local government or any agency, instrumentality or political subdivision thereof, including any legislative, executive, judicial, regulatory or other governmental board,

department, agency, authority, commission, administration, court or other body, or any official of any of the foregoing (including any gaming- or lottery-related Governmental Authority).

"**Law**" means any order, writ, injunction, decree, judgment, law, ordinance, decision, opinion, ruling, policy, statute, code, rule, regulation or administrative or other requirement of any Governmental Authority, in each case, as may be amended from time to time.

"**Person**" means any individual (including the heirs, beneficiaries, trusts, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity. For the avoidance of doubt, the term includes a Government Authority.

"**Representative**" means, with respect to any Person, any director, officer, employee, partner, member, manager, owner, agent, lawyer, accountant, auditor, professional advisor, consultant or other representative.

1.2 Incorporation. The Annexes to this Agreement are incorporated by reference into, and form an integral part of, this Agreement.

Section 2 Engagement

2.1 Services. Upon the terms and subject to the conditions of this Agreement, the Company hereby engages the Consultant, and the Consultant hereby accepts such engagement, as an independent contractor to provide the services set forth in Annex A (collectively, the "**Services**"). Unless otherwise expressly specified in Annex A, the Consultant shall furnish, at Consultant's own expense, any equipment, supplies and other materials necessary or advisable to perform the Services. Subject to the provisions of this Agreement, the Company shall not control the manner or means by which the Consultant performs the Services.

2.2 Relationship of Parties. The Consultant is an independent contractor of the Company, and this Agreement shall not be construed to create any association, partnership, joint venture, employee or agency relationship between the Consultant and the Company (or any of its Affiliates) for any purpose. Except to the extent specifically authorized in advance by the Company in writing, the Consultant (a) shall have no authority (and shall not hold himself out as having authority) to bind or act on behalf or in the name of the Company or any of its Affiliates, (b) shall not make any agreements or representations on behalf of the Company or any of its Affiliates and (c) without limiting the generality of the foregoing, shall not represent the Company or any of its Affiliates as a lobbyist or agent to any Governmental Authority. Without limiting the generality of the foregoing, the Consultant will not be eligible to participate in any vacation, group medical or life insurance, disability, profit sharing or retirement benefits or any other fringe benefits or benefit plans offered by the Company or any of its Affiliates to its employees, and the Company will not make any insurance contributions, including unemployment or disability, or obtain worker's compensation insurance on behalf of the Consultant. Any Persons employed by the Consultant in connection with the performance of the Services shall be the employees of the Consultant and the Consultant shall be fully responsible for them. The Consultant may not utilize any subcontractor or engage any other Person in connection with the performance of the Services without the Company's prior written consent. The Consultant shall be fully responsible for any such subcontractors or other Persons and in no event shall the Consultant be relieved of his obligations under this Agreement as a result of his use or engagement of any such subcontractors or other Persons.

Section 3 Compensation

3.1 Consideration. As full consideration for the provision of Services and the rights granted to the Company under this Agreement, the Company shall provide the Consultant with the consideration set forth in Annex B.

3.2 Expense Reimbursement. The Company agrees to reimburse the Consultant for reasonable and appropriately documented out-of-pocket expenses actually incurred and paid by the Consultant but only to the extent (a) directly related to the Consultant's performance of the Services and (b) incurred in accordance with the Company's expense reimbursement policies.

3.3 Withholding, etc. Amounts payable under this Agreement shall be without deduction or withholding of any kind other than any tax or other deduction or withholding determined by the Company to be required by Law. Consultant shall be responsible for, and shall indemnify the Company against, any taxes or contributions, including penalties and interest, owed by Consultant. The foregoing shall not apply to any equity-based awards held by Consultant that were granted at a time during which Consultant was an employee of the Company and its affiliates.

3.4 Taxes and Internal Revenue Code 409A. It is intended that the provisions of this Agreement comply with Section 409A of the Code, and applicable administrative guidance and regulations ("**Section 409A**"), and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A and that all reimbursements provided under this Agreement shall be made or provided in accordance with Section 409A. Notwithstanding the foregoing, the Company makes no representations or warranties and shall have no responsibility regarding the tax implications of the compensation and benefits to be paid to the Consultant under this Agreement, including under Section 409A.

Section 4 Certain Agreements

4.1 Restrictive Covenants. The Consultant acknowledges that he has continuing obligations to the Company as set forth in Section 6 of his Employment Agreement, which continue in full force and effect after his separation from employment with the Company according to their terms.

4.2 Confidentiality. The Consultant shall (and, if applicable, shall cause his employees to) (a) hold the Confidential Information in confidence and protect it in accordance with the same degree of care with which he protects his own confidential information of like importance which he does not wish to disclose, but in no event less than reasonable care, (b) use the Confidential Information solely to the extent necessary in the performance of the Services and not for any other purpose, (c) not disclose any Confidential Information to any Person (other than the Company and its Affiliates), (d) upon the request of the Company, promptly return all Confidential Information to the Company (or, at the election of the Company, destroy such Confidential Information) without retaining any copies thereof (and provide certification of his compliance with this clause (d)) and (e) not reverse engineer, decompile, test or analyze the Confidential Information without the prior written consent of the Company. In the event that the Consultant is requested or required by law, judicial or governmental order, deposition, interrogatory, request for documents, subpoena, civil investigative demand or other legal process to disclose any of the Confidential Information, the Consultant must first provide the Company with prompt written notice of such requirement so that the Company (or any of its Affiliates) may seek an appropriate protective order, unless, as confirmed by the opinion of the Consultant's counsel, providing such notice would itself constitute a violation of law. If the Consultant is nevertheless legally required (as confirmed by the opinion of the Consultant's counsel) to disclose Confidential Information, then the Consultant shall only disclose that portion of the Confidential Information that is legally

required to be disclosed (as confirmed by the opinion of the Consultant's counsel). In such an event, the Consultant shall take reasonable efforts to obtain assurance that confidential treatment will be accorded to that portion of the Confidential Information being disclosed. In no event shall the Consultant oppose action by the Company (or any of its Affiliates) to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. Notwithstanding anything herein to the contrary, nothing in this Agreement or any other agreement with the Company shall (i) prohibit Consultant from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i).

4.3 Regulatory Compliance. The Consultant acknowledges that the Company and/or its Affiliates are subject to gaming, lottery or similar licensing requirements of various jurisdictions. The Consultant shall cooperate fully with the Company and its Affiliates in providing to them any information of whatever nature that any of them deems necessary or appropriate in assuring itself that the Consultant possesses the good character, honesty, integrity, and reputation applicable to those engaged in the gaming and lottery industries. If, during the Term, the Company (or any of its Affiliates) is notified (formally or informally) by any Governmental Authority that the engagement of, or conducting business with, the Consultant may or will jeopardize any license or ability to be licensed of the Company (or any of its Affiliates) or if the Company (or any of its Affiliates) concludes that the Consultant may fail to meet the above criteria (or the compliance committee of the Company or any of its Affiliates otherwise raises an objection with respect to the Consultant), the Company may immediately terminate this Agreement upon written notice to the Consultant. The Consultant also acknowledges his obligations set forth in Annex C and Annex D attached hereto.

4.4 Indemnification. Company agrees to indemnify, defend and hold harmless the Consultant as to any claim asserted against the Consultant arising from his performance of the Services, to the extent such claim does not arise from the gross negligence or other wrongful act of Consultant.

Section 5 Termination

5.1 Term of Agreement. The term of this Agreement shall commence on May 1, 2019 and shall continue until December 31, 2020, unless earlier terminated by the Company in accordance with Section 5.2 (the "**Term**"). The Term can be extended if agreed to by both parties in writing.

5.2 Early Termination by Company. The Company may terminate this Agreement early if the Consultant breaches the restrictive covenants referenced in Section 4.1 of the Agreement.

5.3 Effect of Termination. Notwithstanding the foregoing, (a) Sections 1, 2.2, 4.2, 4.3, 5 and 6 and any other Sections of this Agreement that expressly or by implication are intended to continue in effect after the expiration or earlier termination of this Agreement, shall continue in effect after the expiration or earlier termination of this Agreement in accordance with their terms, and (b) any termination of this Agreement shall not affect any accrued rights or liabilities of either Party.

5.4 Payments Upon Early Termination. In the event that the Company terminates this Agreement pursuant to Section 5.2, all future consideration due hereunder shall cease as of the date of such termination.

Section 6 Miscellaneous

6.1 Notice. All notices, approvals and other communications required or contemplated under this Agreement shall be in writing and shall be deemed to have been duly given (a) when received if delivered personally, (b) when sent by cable, telecopy, telegram or facsimile (which is confirmed by the intended recipient), and (c) when sent by overnight courier service or when mailed by certified or registered mail, return receipt requested, with postage prepaid, to the Parties at the following addresses:

In the case of Consultant: to the address set forth in the preamble of this Agreement

In the case of the Company: Scientific Games Corporation
6601 Bermuda Road
Las Vegas, NV 89119
Attention: Chief Legal Officer

or such other persons or addresses as either Party may from time to time designate by notice to the other.

6.2 Assignment; Binding Effect. No Party shall assign or transfer or purport to assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party; provided, however, that the Company shall be permitted to (a) assign or transfer any of its rights or obligations hereunder to any Affiliate of the Company and (b) pledge its rights or interest under this Agreement. This Agreement shall inure to the benefit of the Parties and their respective permitted successors and assigns and is binding upon the Parties and their respective successors and assigns.

6.3 Amendment; Waiver. This Agreement may be amended, changed or supplemented only by a written agreement executed and delivered by the Parties. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. Except as otherwise provided by this Agreement, no failure on the part of any Party to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right except to the extent that such failure including the failure to provide notice as and when required by this Agreement, has prejudiced the rights and remedies of the other Party. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

6.4 Entire Agreement. This Agreement (including the Annexes) constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties with respect to such subject matter. The parties acknowledge that this Agreement does not supersede any terms of the Employment Agreement that continue after such agreement's expiration, or any releases entered into between Consultant and the Company, including the provisions thereof related to the effectiveness of this Agreement.

6.5 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. The Parties shall negotiate in good faith to amend this Agreement to give effect to the purpose and intent of the provision found to be invalid, illegal or unenforceable.

6.6 Governing Law; Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions. The parties agree that any controversy or claim not resolved by the Parties arising out of or relating to this Agreement shall be settled by arbitration

in accordance with the Rules of the American Arbitration Association. Venue for the conduct of the arbitration shall be Las Vegas, Nevada, except that, at the direction of the arbitral tribunal or with the consent of the Parties, particular hearings in aid of such arbitration may be held in other places. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction there. The Parties agree that the factual findings of the arbitral tribunal shall be final absent manifest or material error and rulings on questions of Law or mixed questions of fact and Law shall be reviewed under the "clearly erroneous" standard of review and not under a "manifest disregard of the law" or other standard, notwithstanding any Law concerning such standard to the contrary. Except as contemplated by Section 6.8, the remedies expressly provided herein shall constitute the parties' sole and exclusive remedies, and all other remedies which might be otherwise available under the Law of any jurisdiction are hereby waived by both parties.

6.7 Costs. Except as otherwise provided in this Agreement, each Party is responsible for its own costs and expenses incurred in connection with performing and observing its obligations and covenants under this Agreement.

6.8 Remedies. The Consultant expressly acknowledges and agrees that the terms of this Agreement are reasonable and necessary for the protection of the legitimate business interests of the Company. The Consultant acknowledges and agrees that the Company would be irreparably harmed by a breach of this Agreement by the Consultant and that money damages are an inadequate remedy for an actual or threatened breach of this Agreement. Therefore, the Consultant agrees to the granting of specific performance of this Agreement and injunctive or other equitable relief in favor of the Company as a remedy for any such breach, without proof of actual damages, and the Consultant further waives any requirement for the securing or posting of any bond in connection with any such remedy. Such remedy shall not be deemed to be the exclusive remedy for any such breach, but shall be in addition to all other remedies available at Law or equity to the Company.

6.9 Counterparts. This Agreement may be executed in any number of counterparts which, taken together, constitute one and the same agreement.

6.10 No Third Party Beneficiaries. Except as expressly contemplated by this Agreement, nothing in this Agreement shall confer any rights upon any Person other than the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Company and the Consultant have each caused this Agreement to be duly executed pursuant to due authorization, all as of the day and year first above written.

SCIENTIFIC GAMES CORPORATION

By: _____
Name:
Title:

Larry Potts

_____

Exhibit B

Annex A

Services

The Consultant will provide consulting services related to compliance matters to the Company during the Term, subject to Consultant's reasonable availability, as requested by the Company's Chief Executive Officer.

Equipment

During the Term, the Company agrees to provide a laptop computer, email account, and cell phone for use by the Consultant solely for business purposes under this Agreement.

Exhibit B

Annex B

Consideration

In consideration for the Services:

1. during the Term, the Consultant is eligible for continued vesting of all unvested stock options previously granted to the Consultant by the Company during his employment as if the Consultant was still an employee of the Company;
2. if Consultant provides consulting services to the Company in accordance with the terms of this Agreement through December 31, 2020, all unvested stock options as of such date shall become fully vested and non-forfeitable; and
3. any stock options that are vested prior to the commencement of the Term or that vest following the commencement of the Term in accordance with this Annex B shall remain exercisable until the later of (a) the date that is three months after the end of the Term and (b) the scheduled expiration date of such stock options.

Other than as set forth above, all other terms and conditions of the stock option grant agreements between the Company and Consultant will continue to apply.

Certifications and Covenants

The Consultant certifies and covenants to the Company as follows:

1. Consultant shall, in connection with this Agreement, (a) maintain complete and accurate books and records and (b) comply with all applicable laws, rules and regulations, including, but not limited to, those relating to anti-corruption, anti-money laundering, competition, licensing and registration; and

2. Consultant has not offered or paid, and will not offer or pay, directly or indirectly, (a) anything of value to any public official or candidate for political office, or any relative or agent thereof, for purposes of obtaining any official action or benefit relating in any way to this Agreement or (b) any commission or finder's or referral fee to any person or entity in connection with this Agreement or any activities on behalf of the Company.

In the event the Company has reason to believe any of the foregoing has been violated, Consultant shall (a) promptly provide the Company (or its representatives) with access to Consultant's books and records to enable the Company (or its representatives) to assess any potential non-compliance and (b) reasonably cooperate in any related investigation, including making any employees reasonably available for interviews.

The Consultant hereby acknowledges receipt of a copy of the Company's (or its applicable Affiliate's) Code of Business Conduct. The Consultant agrees and certifies that the Consultant will abide by such Code of Business Conduct and will not take any action (or omit to take any action) in connection with this Agreement or the performance under this Agreement that would conflict with such Code of Business Conduct.

Annex D

Whistleblower Hotline Information

The Company is committed to ethical and compliant business practices throughout the world. As a consultant for the Company, you are required to conduct yourself in an ethical manner, comply with all Laws and comply with the Company's Code of Business Conduct.

If you discover events of a questionable, fraudulent or illegal nature that are, or that you believe in good faith may be, a violation of Law, the guidelines set forth in the Company's Code of Business Conduct, or other Company policy, you should report the matter immediately to the Chief Compliance Officer (212-318-9199). In addition, you may call the Scientific Games Business Hotline (the "Hotline"), which is available 24 hours a day, seven days a week, at 1-866-384-4277 or log on to www.ethicspoint.com and click on "File a Report."

To the extent permitted by Law, you may choose to remain anonymous in reporting any possible violation of the Code of Conduct to the Chief Compliance Officer or by calling the Hotline.

As a consultant for the Company, you have a duty to cooperate truthfully and fully in the investigation of any alleged violation of Law or the Company's Code of Conduct.

Failure to comply with the requirements of this Annex D will be grounds for the Company to terminate the Agreement in accordance with Section 5.2.

Employment Agreement

This Employment Agreement (this "Agreement") is made as of May 4, 2018 by and between Scientific Games Corporation, a Delaware corporation (the "Company"), and Barry Cottle ("Executive").

WHEREAS, Executive is currently employed by the Company pursuant to the Prior Employment Agreement (as defined below); and

WHEREAS, the Company and Executive wish to enter into this Agreement and to supersede the terms of the Prior Employment Agreement.

NOW, THEREFORE, in consideration of the premises and mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company and Executive, the parties agree as follows.

1. Employment; Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, in accordance with and subject to the terms and conditions set forth in this Agreement. This term of employment of Executive under this Agreement (the "Term") shall be the period commencing on June 1, 2018 (the "Effective Date") and ending on May 31, 2021, as may be extended in accordance with this Section 1 and subject to earlier termination in accordance with Section 4. The Term shall be extended automatically without further action by either party by one (1) additional year (added to the end of the Term), and then on each succeeding annual anniversary thereafter, unless either party shall have given written notice to the other party prior to the date which is sixty (60) days prior to the date upon which such extension would otherwise have become effective electing not to further extend the Term, in which case Executive's employment shall terminate on the date upon which such extension would otherwise have become effective, unless earlier terminated in accordance with Section 4. A notice of non-renewal of the Term by the Company pursuant to this Section 1 shall be deemed to be a termination without Cause by the Company for purposes of this Agreement as of the end of the Term.

2. Position and Duties. During the Term, Executive will serve as President and Chief Executive Officer of the Company and as an officer or director of any subsidiary or affiliate of the Company if elected to any such position by the stockholders or by the board of directors of any such subsidiary or affiliate, as the case may be. In such capacities, Executive shall perform such duties and shall have such responsibilities as are normally associated with such positions, and as otherwise may be assigned to Executive from time to time by or upon the authority of the board of directors of the Company (the "Board"). Subject to Section 4(e), Executive's functions, duties and responsibilities are subject to reasonable changes as the Company may in good faith determine from time to time. Executive hereby agrees to accept such employment and to serve the Company and its subsidiaries and affiliates to the best of Executive's ability in such capacities, devoting all of Executive's business time to such

employment. Notwithstanding the foregoing, during the Term, Executive may (i) participate in charitable, civic, educational, professional, community or industry affairs, but service on any board shall be subject to (ii), (ii) with prior written consent for each individual board position (which may be granted or denied in the Board's sole discretion), serve as a member of the boards of directors of for-profit and not-for-profit entities, and (iii) manage Executive's passive personal investments, so long as such activities, individually or in the aggregate, do not materially interfere or conflict with Executive's duties hereunder or create an actual or potential business or fiduciary conflict. Executive's principal work location shall be the Company's headquarters in Las Vegas, Nevada. Executive acknowledges that he may be required to work from other Company offices from time to time as appropriate and to engage in business travel as necessary to perform his duties hereunder.

3. Compensation.

(a) *Base Salary*. During the Term, Executive will receive a base salary of one million seven hundred fifty thousand U.S. dollars (US$1,750,000) per annum (pro-rated for any partial year), payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive. In the event that the Company, in its sole discretion, from time to time determines to increase Executive's base salary, such increased amount shall, from and after the effective date of such increase, constitute the "base salary" of Executive for purposes of this Agreement.

(b) *Incentive Compensation*.

(i) Executive shall have the opportunity annually to earn incentive compensation ("Incentive Compensation") in amounts determined by the Compensation Committee of the Board (the "Compensation Committee") in its sole discretion in accordance with the applicable incentive compensation plan of the Company as in effect from time to time (the "Incentive Compensation Plan"). Under such Incentive Compensation Plan, Executive shall have the opportunity annually to earn up to 100% of Executive's base salary as Incentive Compensation at "target opportunity" ("Target Bonus") and up to 200% of Executive's base salary as Incentive Compensation at "maximum opportunity" on the terms and subject to the conditions of such Incentive Compensation Plan (any such Incentive Compensation to be subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive). For 2018, Executive's Incentive Compensation opportunity, if earned, shall be calculated using a blended rate of Executive's base salary in effect from and after the Effective Date and Executive's base salary in effect from January 1, 2018 through the date immediately preceding the Effective Date.

(ii) In consideration of Executive's service as CEO of SG Interactive prior to the Effective Date, Executive shall be eligible to receive compensation pursuant to the 2018-2020 LTIP subject to the terms and conditions set forth on Exhibit A attached hereto.

(c) *Eligibility for Annual Equity Awards.*

(i) The Company will grant to Executive within ten (10) days after the Effective Date a special equity award for 2018 covering a total of 300,000 restricted stock units, of which 200,000 will be subject to performance and time vesting criteria and 100,000 will be subject to time vesting criteria (the "2018 Special Equity Award"). The 2018 Special Equity Award will be granted pursuant to the Incentive Compensation Plan. The terms of the 2018 Special Equity Award are summarized on Exhibit B-1 attached hereto and will be evidenced by the execution of the Company's standard form of award agreement under the Incentive Compensation Plan, as modified to reflect Exhibit B-1.

(ii) In addition, the Company will grant to Executive within ten (10) days after the Effective Date an equity award for 2018 equal to approximately 250% of Executive's base salary, prorated based on a fraction, the numerator of which is the number of days Executive will be employed in 2018 from and after the Effective Date, and the denominator of which is 365 (the "2018 Award"). The 2018 Award will be granted pursuant to the Incentive Compensation Plan. The terms of the 2018 Award are summarized on Exhibit B-2 attached hereto and will be evidenced by the execution of the Company's standard form of award agreements under the Incentive Compensation Plan, as modified to reflect Exhibit B-2.

(iii) Beginning in 2019, Executive shall be eligible to receive an annual grant of stock options, restricted stock units or other equity awards currently expected to be targeted at approximately 250% of Executive's base salary, in the sole discretion of the Compensation Committee and in accordance with the applicable plans and programs of the Company for senior executives of the Company and subject to the Company's right to at any time amend or terminate any such plan or program, so long as any such change does not adversely affect any accrued or vested interest of Executive under any such plan or program.

(d) *Expense Reimbursement*. Subject to Section 3(f), the Company shall reimburse Executive for all reasonable and necessary travel, business entertainment and other business expenses incurred by Executive in connection with the performance of Executive's duties under this Agreement, on a timely basis upon timely submission by Executive of vouchers therefor in accordance with the Company's standard policies and procedures.

(e) *Health and Welfare Benefits*. Executive shall be entitled to participate, without discrimination or duplication, in any and all medical insurance, group health, disability, life insurance, accidental death and dismemberment insurance, 401(k) or other retirement, deferred compensation, stock ownership and such other plans and programs which are made generally available by the Company to senior executives of the Company in accordance with the terms of such plans and programs and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such plan or program. Executive shall be entitled to paid vacation, holidays and any other time off in accordance with the Company's policies in

effect from time to time. Executive will be entitled to twenty-seven (27) day of paid time off each year. In addition, Executive may use private charter jets for business travel in his good faith judgement when justified because of location, efficiency or other business reasons, subject to review and refinement by the Board of the permitted uses and creation of good faith policies. Subject to Section 3(d), the Company will reimburse Executive for reasonable transportation and lodging expenses Executive incurs in connection with his travel between his then current residence and the Company's headquarters. To the extent any such reimbursement is taxable to Executive, the Company will provide Executive with an additional payment so that Executive has no net after tax costs for such expenses.

(f) *Taxes and Internal Revenue Code 409A*. Payment of all compensation and benefits to Executive under this Agreement shall be subject to all legally required and customary withholdings. The Company makes no representations or warranties and shall have no responsibility regarding the tax implications of the compensation and benefits to be paid to Executive under this Agreement, including under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable administrative guidance and regulations ("Section 409A"). Section 409A governs plans and arrangements that provide "nonqualified deferred compensation" (as defined under the Code) which may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to pay compensation and provide benefits under this Agreement (including under Section 3 and Section 4) in amounts, at times and in a manner that minimizes taxes, interest or penalties as a result of Section 409A. In addition, in the event any benefits or amounts paid to Executive hereunder are deemed to be subject to Section 409A, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its reasonable discretion, to comply with Section 409A (including delaying payment until six (6) months following termination of employment). To the extent any payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits may be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payments or other benefits shall be restructured, to the extent permissible under Section 409A, in a manner determined by the Company that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute deferred compensation under Section 409A, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Any tax gross-up payment provided under this Agreement will be made no later than the end of the calendar year immediately following the calendar year in which Executive remits the related taxes. Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A.

4. Termination of Employment. Executive's employment may be terminated at any time prior to the end of the Term under the terms described in this Section 4, and the Term shall automatically terminate upon any termination of Executive's employment. For purposes of clarification, except as provided in Section 5.6, all stock options, restricted stock units and other equity-based awards will be governed by the terms of the plans, grant agreements and programs

under which such options, restricted stock units or other awards were granted on any termination of the Term and Executive's employment with the Company.

(a) *Termination by Executive for Other than Good Reason*. Executive may terminate Executive's employment hereunder for any reason or no reason upon 60 days' prior written notice to the Company referring to this Section 4(a); provided, however, that a termination by Executive for "Good Reason" (as defined below) shall not constitute a termination by Executive for other than Good Reason pursuant to this Section 4(a). In the event Executive terminates Executive's employment for other than Good Reason, Executive shall be entitled only to the following compensation and benefits (the payments set forth in Sections 4(a)(i) — 4(a)(iii), collectively, the "Standard Termination Payments"):

(i) any accrued but unpaid base salary for services rendered by Executive to the date of such termination, payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive;

(ii) any vested non-forfeitable amounts owing or accrued at the date of such termination under benefit plans, programs and arrangements set forth or referred to in Section 3(e) in which Executive participated during the Term (which will be paid under the terms and conditions of such plans, programs, and arrangements (and agreements and documents thereunder)); and

(iii) reasonable business expenses and disbursements incurred by Executive prior to such termination will be reimbursed in accordance with Section 3(d).

(b) *Termination By Reason of Death*. If Executive dies during the Term, the last beneficiary designated by Executive by written notice to the Company (or, in the absence of such designation, Executive's estate) shall be entitled only to the Standard Termination Payments, including any benefits that may be payable under any life insurance benefit of Executive for which the Company pays premiums, in accordance with the terms of any such benefit and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such benefit.

(c) *Termination By Reason of Total Disability*. The Company may terminate Executive's employment in the event of Executive's "Total Disability." For purposes of this Agreement, "Total Disability" shall mean Executive's (1) becoming eligible to receive benefits under any long-term disability insurance program of the Company or (2) failure to perform the duties and responsibilities contemplated under this Agreement for a period of more than 180 days during any consecutive 12-month period due to physical or mental incapacity or impairment. In the event that Executive's employment is terminated by the Company by reason of Total Disability, Executive shall be entitled only to the Standard Termination Payments and any amounts due under any Company disability policy.

(d) *Termination by the Company for Cause*. The Company may terminate the employment of Executive at any time for "Cause." For purposes of this Agreement, "Cause" shall mean: (i) gross neglect by Executive of Executive's duties hereunder; (ii) Executive's indictment for or conviction of a felony, or any non-felony crime or offense involving the property of the Company or any of its subsidiaries or affiliates or evidencing moral turpitude; (iii) willful misconduct by Executive in connection with the performance of Executive's duties hereunder; (iv) intentional breach by Executive of any material provision of this Agreement; (v) material violation by Executive of a material provision of the Company's Code of Business Conduct; or (vi) any other willful or grossly negligent conduct of Executive that would make the continued employment of Executive by the Company materially prejudicial to the best interests of the Company. In the event Executive's employment is terminated for "Cause," Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments.

(e) *Termination by the Company without Cause or by Executive for Good Reason*. The Company may terminate Executive's employment at any time without Cause, for any reason or no reason, and Executive may terminate Executive's employment for "Good Reason." For purposes of this Agreement "Good Reason" shall mean that, without Executive's prior written consent, any of the following shall have occurred: (A) a material adverse change to Executive's positions, titles, offices, or duties following the Effective Date from those set forth in Section 2, except, in such case, in connection with the termination of Executive's employment for Cause or due to Total Disability, death or expiration of the Term; provided, however, that a Good Reason event shall not be deemed to have occurred if, the Company ceases to be a publicly-traded company, based on Executive's duties changing from those of a public company chief executive officer to those of a private company chief executive officer; (B) a material decrease in base salary or material decrease in Executive's Incentive Compensation opportunity provided under this Agreement; (C) a requirement that on a continuing basis Executive reports to anyone other than the Board; provided that Executive may be required to report to the Board through the chairman or another Board member who is not a former executive officer of the Company; and, provided, further, that in the event that the Company ceases to be a publicly-traded company, in addition to reporting to the Board, Executive may also be required to report to a senior executive of the controlling company; or (D) any other material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of, this Agreement; provided, however, that a termination by Executive for Good Reason under any of clauses (A) through (D) of this Section 4(e) shall not be considered effective unless Executive shall have provided the Company with written notice of the specific reasons for such termination within thirty (30) days after he has knowledge of the event or circumstance constituting Good Reason and the Company shall have failed to cure the event or condition allegedly constituting Good Reason within thirty (30) days after such notice has been given to the Company and Executive actually terminates his employment within one (1) year following the initial occurrence of the event giving rise to Good Reason. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason (and not, for the avoidance of doubt, in the event of a termination pursuant to Section 4(a), (b), (c) or (d) or due to a notice of non-renewal of the Term by the Executive

pursuant to Section 1), the Company shall pay the following amounts, and make the following other benefits available, to Executive.

(i) Standard Termination Payments; and

(ii) an amount equal to one times (1X) the sum of (A) Executive's base salary and (B) an amount equal to the highest annual Incentive Compensation paid to Executive (if any) in respect of the two (2) most recent fiscal years of the Company but not more than Executive's Target Bonus for the-then current fiscal year (such amount under this sub-clause (B), the "Severance Bonus Amount"), such amount under this clause (ii) payable in substantially equal installments over a period of twelve (12) months after such termination in accordance with Section 4(f); and

(iii) in lieu of any Incentive Compensation for the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation (if any) which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs, payable when bonuses are paid to other executives of the Company, but no later than March 15 following the end of the year in which such termination occurs; and

(iv) if Executive timely elects to continue medical coverage under the Company's group health plan in accordance with COBRA, an amount equal to the monthly premiums for such coverage less the amount of employee contributions for similarly-situated active employees of the Company, for a period of twelve (12) months;

(v) treatment of Executive's outstanding equity awards upon a termination pursuant to Section 4(e) shall be governed by the terms of the applicable award agreement pursuant to which such equity awards were granted; and

(vi) Executive shall be entitled to receive a pro-rata payment in connection with the 2018-2020 LTIP in accordance with the terms and conditions set forth in Exhibit A.

(f) *Termination by the Company without Cause or by Executive for Good Reason in connection with a Change in Control*. In the event Executive's employment is terminated by the Company without Cause or by Executive for Good Reason pursuant to Section 4(e) and such termination occurs upon, or within one (1) year immediately following, a "Change in Control" (as defined below), Executive shall be entitled (without duplication) to the payments and benefits described in Section 4(e), except that the amount to which Executive is entitled pursuant to Section 4(e)(ii) shall be multiplied by two (2) (*i.e.*, an amount equal to two (2) multiplied by the sum of Executive's base salary and the Severance Bonus Amount, without duplication) and such amount shall be payable in substantially equal installments over a period of

twenty-four (24) months after termination in accordance with Section 4(g) of this Agreement; provided, however, to the extent that such amount under Section 4(e)(ii) is exempt from Section 409A and/or if such Change in Control constitutes a change in ownership, change in effective control or a change in ownership of a substantial portion of the assets of the Company under Regulation Section 1.409A-3(i)(5), such amount otherwise payable under Section 4(e)(ii) as increased under this Section 4(f) shall be paid in a lump sum in accordance with Section 4(g) of this Agreement.

For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if: (i) any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act, but excluding the Company and any subsidiary or affiliate and any employee benefit plan sponsored or maintained by the Company or any subsidiary or affiliate (including any trustee of such plan acting as trustee) or any current stockholder of 20% or more of the outstanding common stock of the Company, directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing at least 40% of the combined voting power of the Company's then-outstanding securities; (ii) the stockholders of the Company approve a merger, consolidation, recapitalization, or reorganization of the Company, or a reverse stock split of any class of voting securities of the Company, or the consummation of any such transaction if stockholder approval is not obtained, other than any such transaction that would result in at least 60% of the total voting power represented by the voting securities of the Company or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of the Company outstanding immediately prior to such transaction; provided that, for purposes of this Section 4(f), such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 60% threshold is due solely to the acquisition of voting securities by an employee benefit plan of the Company or such surviving entity or of any subsidiary of the Company or such surviving entity; (iii) the stockholders of the Company approve a plan of complete liquidation of the Company, an agreement for the sale or disposition by the Company of all or substantially all of its assets (or any transaction having a similar effect); or (iv) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board, together with any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (ii) or (iii) above) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board.

(g) *Timing of Certain Payments under Section 4*. For purposes of Section 409A, references herein to the Executive's "termination of employment" shall refer to Executive's separation from service with the Company within the meaning of Treas. Reg. Section 1.409A-1(h). If at the time of Executive's separation from service with the Company

other than as a result of Executive's death, (i) Executive is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code), (ii) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, and (iii) the deferral of the commencement of any such payments or benefits otherwise payable hereunder as a result of such separation of service is necessary in order to prevent any accelerated or additional tax under Section 409A, such payments shall be made as follows: (x) no payments for a six-month period following the date of Executive's separation from service with the Company; (y) an amount equal to the aggregate sum that would have been otherwise payable during the initial six-month period paid in a lump sum on the first payroll date following six (6) months following the date of Executive's separation of service with the Company (subject to such deductions or amounts to be withheld as required by applicable law and regulations); and (z) during the period beginning six (6) months following Executive's separation from service with the Company through the remainder of the applicable period, payment of the remaining amount due in equal installments in accordance with the Company's standard payroll practices (subject to such deductions or amounts to be withheld as required by applicable law and regulations).

(h) *Mitigation*. In the event the Company terminates Executive's employment without Cause, Executive terminates his employment for Good Reason and Executive is employed by or otherwise engaged to provide services to another person or entity at any time prior to the end of any period of payments to or on behalf of Executive contemplated by this Section 4, (i) Executive shall immediately advise the Company of such employment or engagement and his compensation therefor (including any health insurance benefits to which he is entitled in connection therewith), (ii) the Company's obligation to make continued insurance payments to or on behalf of Executive shall be reduced by any insurance coverage obtained by Executive during the applicable period through such other employment or engagement (without regard to when such coverage is paid) and (iii) the Company's obligation to make payments pursuant to Section 4(e)(ii), (iii) and (vi) shall be reduced by any base salary or fee arrangements or target annual bonus payable to Executive for the applicable period through such other employment or engagement in the same pay period as earned with target bonus allocated equally over the period and also including any up-front payments or deferred payments structured to avoid the obligations under this paragraph; provided, however, that in the event that any such amounts shall have been paid to Executive in a lump sum pursuant to Section 4(g), Executive shall promptly repay the Company the portion of such amounts which would not have been previously paid if the payment was structured in monthly installments as opposed to a lump sum. Executive shall promptly notify the Company of his new compensation arrangement with the new entity and respond to reasonable inquiries. Any amount improperly paid to Executive shall be promptly refunded to the Company.

(i) *Set-Off*. To the fullest extent permitted by law and provided an acceleration of income or the imposition of an additional tax under Section 409A would not result, any amounts otherwise due to Executive hereunder (including any payments pursuant to this Section 4) shall be subject to set-off with respect to any amounts Executive otherwise owes the Company or any subsidiary or affiliate thereof.

(j) *No Other Benefits or Compensation*. Except as may be specifically provided under this Agreement, under any other effective written agreement between Executive and the Company that expressly survives execution of this Agreement, or under the terms of any plan or policy applicable to Executive, Executive shall have no right to receive any other compensation from the Company or any subsidiary or affiliate thereof, or to participate in any other plan, arrangement or benefit provided by the Company or any subsidiary or affiliate thereof, with respect to any future period after such termination or resignation. Executive acknowledges and agrees that he is entitled to no compensation or benefits from the Company or any of its subsidiaries or affiliates of any kind or nature whatsoever in respect of periods prior to the date of this Agreement, except to the extent such compensation or benefits are expressly provided for in a written agreement between Executive and the Company that expressly survives execution of this Agreement. Executive acknowledges and agrees that he shall not receive any fees or other compensation (including equity compensation) for Board service.

(k) *Release of Employment Claims; Compliance with Section 5*. Executive agrees, as a condition to receipt of any termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments), that Executive will execute a general release agreement, in a form reasonably satisfactory to the Company, releasing any and all claims arising out of Executive's employment and the termination of such employment. Such release agreement will not impose upon Executive any non-competition, non-solicitation, non-disparagement or similar restrictive covenant not otherwise set forth herein or in any other agreement entered into by Executive prior to the date of the release, nor shall the release agreement impose upon Executive any post-termination restrictions or service requirements not otherwise set forth herein or in any other agreement entered into by Executive prior to the date of the release. The Company shall provide Executive with the proposed form of general release agreement referred to in the immediately preceding sentence no later than seven (7) days following the date of termination. Executive shall thereupon have 21 days or, if required by the Older Workers Benefit Protection Act, 45 days, to consider such general release agreement and, if he executes such general release agreement, shall have seven (7) days after execution of such general release agreement to revoke such general release agreement. Absent such revocation, such general release agreement shall become binding on Executive. If Executive does not revoke such general release agreement, payments contingent on such general release agreement that constitute deferred compensation under Section 409A (if any) shall be paid on the later of the 60th day after the date of termination or the date such payments are otherwise scheduled to be paid pursuant to this Agreement. The Company's obligation to make any termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments) shall immediately cease if Executive willfully or materially breaches Section 5.1, 5.2 , 5.3, 5.4, or 5.8.

(l) *Section 280G*. If the aggregate of all amounts and benefits due to Executive under this Agreement or any other plan, program, agreement or arrangement of the Company or any of its affiliates, which, if received by Executive in full, would constitute "parachute payments," as such term is defined in and under Section 280G of the Code (collectively, "Change in Control Benefits"), reduced by all Federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less

than the amount Executive would receive, after all such applicable taxes, if Executive received aggregate Change in Control Benefits equal to an amount which is $1.00 less than three (3) times Executive's "base amount," as defined in and determined under Section 280G of the Code, then such Change in Control Benefits shall be reduced or eliminated to the extent necessary so that the Change in Control Benefits received by Executive will not constitute parachute payments. If a reduction in the Change in Control Benefits is necessary, reduction shall occur in the following order unless the Executive elects in writing a different order, subject to the Company's consent (which shall not be unreasonably withheld or delayed): (i) severance payment based on multiple of base salary and/or Target Bonus; (ii) other cash payments; (iii) any pro-rated bonus paid as severance; (iv) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (v) any equity awards accelerated or otherwise valued at full value, provided such equity awards are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vi) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vii) acceleration of vesting of all other stock options and equity awards; and (viii) within any category, reductions shall be from the last due payment to the first.

It is possible that after the determinations and selections made pursuant to the preceding paragraph that the Executive will receive Change in Control Benefits that are, in the aggregate, either more or less than the amounts contemplated by the preceding paragraph (hereafter referred to as an "Excess Payment" or "Underpayment," respectively). If there is an Excess Payment, the Executive shall promptly repay the Company an amount consistent with this paragraph. If there is an Underpayment, the Company shall pay the Executive an amount consistent with this paragraph.

5. Noncompetition; Non-solicitation; Nondisclosure; etc.

5.1 Noncompetition; Non-solicitation.

(a) Executive acknowledges the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information renders Executive special and unique within the Company's industries. In addition to the protection of confidential records and proprietary information covered in Section 5.2, the provisions set forth in this Section 5.1 are necessary in order to protect the goodwill of the Company and the relationships developed by the Company with employees, customers and suppliers. In consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that during the Term (including any extensions thereof) and during the Covered Time (as defined in Section 5.1(e)), Executive, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 5, "Competing Business" shall mean any business or operations: (i) (A) involving the design, development, manufacture, production, sale, lease, license, provision, operation or management (as the case may be) of (1) instant lottery tickets or

games or any related marketing, warehouse, distribution, category management or other services or programs; (2) lottery-related terminals or vending machines (whether clerk-operated, self-service or otherwise), (3) gaming machines, terminals or devices (including video or reel spinning slot machines, video poker machines, video lottery terminals and fixed odds betting terminals), (4) lottery, video gaming (including server-based gaming), sports betting or other wagering or gaming systems, regardless of whether such systems are land-based, internet-based or mobile (including control and monitoring systems, local or wide-area progressive systems and redemption systems); (5) lottery-, real money gaming- or social gaming-related proprietary or licensed content (including themes, entertainment and brands), platforms, websites and loyalty and customer relationship management programs regardless of whether any of the foregoing are land-based, internet-based or mobile-based; (6) social casino games or websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies) featuring social casino games or any related marketing, distribution, or other services or programs; (7) interactive casino gaming products or services, including interactive casino-game themed games and platforms for websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies); (8) gaming utility products (including shufflers, card-reading shoes, deck checkers and roulette chip sorters), table games (including live, simulated, online, social gaming, interactive and electronic) and related products and services; (9) slot accounting, casino management, casino marketing, player tracking, lottery, video lottery, bingo or similar gaming- or casino-related systems and related peripheral hardware, software and services; (10) prepaid cellular or other phone cards; or (11) ancillary products (including equipment, hardware, software, marketing materials, chairs and signage) or services (including field service, maintenance and support) related to any of the foregoing under sub-clauses (1) through (10) above; or (B) in which the Company is then or was within the previous 12 months engaged, or in which the Company, to Executive's knowledge, contemplates to engage in during the Term or the Covered Time; (ii) in which Executive was engaged or involved (whether in an executive or supervisory capacity or otherwise) on behalf of the Company or with respect to which Executive has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by the Company. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

(b) In further consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that, during the Term (including any extensions thereof) and during the Covered Time, Executive shall not, directly or indirectly: (i) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to terminate his, her, or its relationship with the Company; (ii) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to become employees, agents, consultants or representatives of any other person or entity; (iii) solicit or attempt to induce any customer, vendor or distributor of the Company to curtail or cancel any business with the Company; or (iv) hire any person who, to Executive's actual knowledge, is, or was within 180 days prior to such hiring, an employee of the Company.

(c) During the Term (including any extensions thereof) and during the Covered Time, Executive agrees that upon the earlier of Executive's (i) negotiating with any Competitor (as defined below) concerning the possible employment of Executive by the Competitor, (ii) responding to (other than for the purpose of declining) an offer of employment from a Competitor, or (iii) becoming employed by a Competitor, (A) Executive will provide copies of Section 5 of this Agreement to the Competitor, and (B) in the case of any circumstance described in (iii) above occurring during the Covered Time, and in the case of any circumstance described in (i) or (ii) above occurring during the Term or during the Covered Time, Executive will promptly provide notice to the Company of such circumstances. Executive further agrees that the Company may provide notice to a Competitor of Executive's obligations under this Agreement. For purposes of this Agreement, "Competitor" shall mean any person or entity (other than the Company, its subsidiaries or affiliates) that engages, directly or indirectly, in the United States in any Competing Business; provided, however, the parties agree that an entity that is a Competitor solely on the basis that it is a distributor, general platform or licensor shall not be deemed to be engaged in a Competing Business.

(d) Executive understands that the restrictions in this Section 5.1 may limit Executive's ability to earn a livelihood in a business similar to the business of the Company but nevertheless agrees and acknowledges that the consideration provided under this Agreement (including Sections 3 and 4) is sufficient to justify such restrictions. In consideration thereof and in light of Executive's education, skills and abilities, Executive agrees that Executive will not assert in any forum that such restrictions prevent Executive from earning a living or otherwise should be held void or unenforceable.

(e) For purposes of this Section 5.1, "Covered Time" shall mean the period beginning on the date of termination of Executive's employment (the "Date of Termination") and ending twelve (12) months after the Date of Termination.

(f) In the event that a court of competent jurisdiction or arbitrator(s), as the case may be, determine that the provisions of Section 5.1 are unenforceable for any reason, the parties acknowledge and agree that the court or arbitrator(s) is expressly empowered to reform any provision of this Section so as to make them enforceable as described in Section 10 below.

5.2 Proprietary Information; Inventions.

(a) Executive acknowledges that, during the course of Executive's employment with the Company, Executive necessarily will have (and during any employment by, or affiliation with, the Company prior to Effective Date has had) access to and made use of proprietary information and confidential records of the Company. Executive covenants that Executive shall not during the Term or at any time thereafter, directly or indirectly, use for Executive's own purpose or for the benefit of any person or entity other than the Company, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by the Company; (ii) the name and/or address of any

customer or vendor of the Company or any information concerning the transactions or relations of any customer or vendor of the Company with the Company; (iii) any information concerning any product, technology, or procedure employed by the Company but not generally known to its customers or vendors or competitors, or under development by or being tested by the Company but not at the time offered generally to customers or vendors; (iv) any information relating to the Company's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by the Company; (vi) any information that, to Executive's actual knowledge, the Company ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of the Company's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which the Company, to Executive's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Executive acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public, information that becomes available to Executive on an unrestricted, non-confidential basis from a source other than the Company or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Executive has knowledge, after reasonable inquiry, at the time of the relevant disclosure to Executive), or general gaming industry information to the extent not particularly related or proprietary to the Company that was already known to Executive at the time Executive commenced his employment with the Company that is not subject to nondisclosure by virtue of Executive's prior employment or otherwise. Notwithstanding the foregoing and Section 5.3, Executive may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in the performance of his duties as a director or employee of the Company, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him to divulge, disclose or make accessible such information (provided that in such case Executive shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by the Company to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without his violation of this Agreement, or (D) disclosed to Executive's spouse, attorney and/or his personal tax and financial advisors to the extent reasonably necessary to advance Executive's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 5.2 or Section 5.3 by Executive.

(b) Executive agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by Executive during the Term (and during any employment by, or affiliation with, the Company prior to the Effective Date)

shall belong to the Company, provided that such Inventions grew out of Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials. Executive shall further: (i) promptly disclose such Inventions to the Company; (ii) assign to the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Executive's inventorship. If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by Executive within two (2) years after the termination of Executive's employment with the Company, it is to be presumed that the Invention was conceived or made during the Term. Executive agrees that Executive will not assert any rights to any Invention as having been made or acquired by Executive prior to the date of this Agreement, except for Inventions, if any, disclosed in Exhibit C to this Agreement.

5.3 *Confidentiality and Surrender of Records.*

(a) Executive shall not, during the Term or at any time thereafter (irrespective of the circumstances under which Executive's employment by the Company terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by the Company, nor shall Executive retain, and will deliver promptly to the Company, any of the same following termination of Executive's employment hereunder for any reason or upon request by the Company. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Executive's possession or under Executive's control or accessible to Executive which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during the Term and thereafter.

(b) Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i). Executive understands that activities protected by Sections 5.2 and 5.3 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Executive acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under Federal or State trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or

other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

5.4 *Non-disparagement*. Executive shall not, during the Term and thereafter, disparage in any material respect the Company, any affiliate of the Company, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from making truthful statements that are required by applicable law, regulation or legal process.

5.5 *No Other Obligations*. Executive represents that Executive is not precluded or limited in Executive's ability to undertake or perform the duties described herein by any contract, agreement or restrictive covenant. Executive covenants that Executive shall not employ the trade secrets or proprietary information of any other person in connection with Executive's employment by the Company without such person's authorization.

5.6 *Forfeiture of Outstanding Equity Awards; "Clawback" Policies*. The provisions of Section 4 notwithstanding, if Executive willfully and materially fails to comply with Section 5.1, 5.2, 5.3, 5.4, or 5.8, all options to purchase common stock, restricted stock units and other equity-based awards granted by the Company or any of its affiliates (whether prior to, contemporaneous with, or subsequent to the date hereof) and held by Executive or a transferee of Executive shall be immediately forfeited and cancelled. Executive acknowledges and agrees that, notwithstanding anything contained in this Agreement or any other agreement, plan or program, any incentive-based compensation or benefits contemplated under this Agreement (including Incentive Compensation and equity-based awards) shall be subject to recovery by the Company under any compensation recovery or "clawback" policy, generally applicable to senior executives of the Company, that the Company may adopt from time to time, including any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

5.7 *Enforcement*. Executive acknowledges and agrees that, by virtue of Executive's position, services and access to and use of confidential records and proprietary information, any violation by Executive of any of the undertakings contained in this Section 5 would cause the Company immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Executive agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Section 5. Executive waives posting of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5 are cumulative and shall be in addition to rights and

remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

5.8 *Cooperation with Regard to Litigation*. Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by providing information to the Company regarding matters related to his term of employment and by being available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative. In addition, except to the extent that Executive has or intends to assert in good faith an interest or position adverse to or inconsistent with the interest or position of the Company, Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), to assist the Company in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, in each case, as reasonably requested by the Company. The Company agrees to pay (or reimburse, if already paid by Executive) all reasonable travel and communication expenses actually incurred in connection with Executive's cooperation and assistance.

5.9 *Survival*. The provisions of this Section 5 shall survive the termination of the Term and any termination or expiration of this Agreement.

5.10 *Company*. For purposes of this Section 5, references to the "Company" shall include the Company and each subsidiary and/or affiliate of the Company (and each of their respective joint ventures and equity method investees).

6. Code of Conduct. Executive acknowledges that he has read the Company's Code of Business Conduct and agrees to abide by such Code of Business Conduct, as amended or supplemented from time to time, and other policies applicable to employees and executives of the Company.

7. Indemnification. The Company shall indemnify Executive to the full extent permitted under the Company's Certificate of Incorporation or By-Laws and pursuant to any other agreements or policies in effect from time to time in connection with any action, suit or proceeding to which Executive may be made a party by reason of Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. This provision shall survive termination of employment.

8. Assignability; Binding Effect. Neither this Agreement nor the rights or obligations hereunder of the parties shall be transferable or assignable by Executive, except in accordance with the laws of descent and distribution and as specified below. The Company may assign this Agreement and the Company's rights and obligations hereunder to any affiliate of the Company, provided that upon any such assignment the Company shall remain liable for the obligations to Executive hereunder. This Agreement shall be binding upon and inure to the benefit of Executive, Executive's heirs, executors, administrators, and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

9. Complete Understanding; Amendment; Waiver. This Agreement constitutes the complete understanding between the parties with respect to the employment of Executive from and after the Effective Date and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including (i) that certain Employment Agreement, dated as of October 2015 between the Company and Executive and (ii) that certain Amendment to Employment Agreement, made as of July 28, 2017 (collectively, the "Prior Employment Agreement"), and no statement, representation, warranty or covenant has been made by either party with respect thereto except as expressly set forth herein; provided, however, nothing contained in this Agreement shall limit, impair or supersede any agreement between the Company and Executive relating to grants of stock options, restricted stock units or other equity-based awards granted to Executive prior to the Effective Date, which shall remain in full force and effect in accordance with the terms of such agreements and the plan pursuant to which such awards were granted. Notwithstanding the foregoing, Section 5 of the Prior Employment Agreement shall survive termination of the Prior Employment Agreement, provided that Section 5.1 thereof shall be superseded by Section 5.1 of this Agreement. Executive acknowledges and agrees that the termination of the Prior Employment Agreement and the execution of this Agreement does not constitute a termination of Executive's employment under the Prior Employment Agreement for any purpose. Except as contemplated by Section 3(f), this Agreement shall not be modified, amended or terminated except by a written instrument signed by each of the parties. Any waiver of any term or provision hereof, or of the application of any such term or provision to any circumstances, shall be in writing signed by the party charged with giving such waiver. Waiver by either party of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived. No delay by either party in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by either party of any such right or remedy shall preclude other or further exercise thereof.

10. Severability. If any provision of this Agreement or the application of any such provision to any person or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, or any part thereof, is held to be invalid or unenforceable because of the scope or duration of or the area covered by such provision, the parties agree that the court making such determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced. The parties recognize that if, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants contained in this Agreement, then that invalid or unenforceable covenant contained in this Agreement shall be deemed eliminated from these provisions to the extent necessary to permit the remaining separate covenants to be enforced. In the event that any court determines that the time period or the area, or both, are unreasonable and that any of the

covenants is to that extent invalid or unenforceable, the parties agree that such covenants will remain in full force and effect, first, for the greatest time period, and second, in the greatest geographical area that would not render them unenforceable.

11. Survivability. The provisions of this Agreement which by their terms call for performance subsequent to termination of Executive's employment hereunder, or of this Agreement, shall so survive such termination, whether or not such provisions expressly state that they shall so survive.

12. Governing Law; Arbitration.

(a) *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions. Executive acknowledges that he was represented by Shearman & Sterling LLP in connection with this Agreement.

(b) *Arbitration*.

(i) Executive and the Company agree that, except for claims for workers' compensation, unemployment compensation, and any other claim that is non-arbitrable under applicable law, final and binding arbitration shall be the exclusive forum for any dispute or controversy between them, including, without limitation, disputes arising under or in connection with this Agreement, Executive's employment, and/or termination of employment, with the Company; provided, however, that the Company shall be entitled to commence an action in any court of competent jurisdiction for injunctive relief in connection with any alleged actual or threatened violation of any provision of Section 5. Judgment may be entered on the arbitrators' award in any court having jurisdiction. For purposes of entering such judgment or seeking injunctive relief with regard to Section 5, the Company and Executive hereby consent to the jurisdiction of any state or federal court of competent jurisdiction located in New York, New York; provided that damages for any alleged violation of Section 5, as well as any claim, counterclaim or cross-claim brought by Executive or any third-party in response to, or in connection with, any court action commenced by the Company seeking said injunctive relief shall remain exclusively subject to final and binding arbitration as provided for herein. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which either may now or hereafter have to such jurisdiction, venue and any defense of inconvenient forum. Thus, except for the claims carved out above, this Agreement includes all common-law and statutory claims (whether arising under federal state or local law), including any claim for breach of contract, fraud, fraud in the inducement, unpaid wages, wrongful termination, and gender, age, national origin, sexual orientation, marital status, disability, or any other protected status.

Any arbitration under this Agreement shall be filed exclusively with, and administered by, the American Arbitration Association in New York, New York before three arbitrators, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Company shall pay all costs uniquely attributable to arbitration, including the administrative fees and costs of the arbitrators. Each party shall pay that party's own costs and attorney fees, if any, unless the arbitrators rule otherwise. Executive understands that he is giving up no substantive rights, and this Agreement simply governs forum. The arbitrators shall apply the same standards a court would apply to award any damages, attorney fees or costs. Executive shall not be required to pay any fee or cost that he would not otherwise be required to pay in a court action, unless so ordered by the arbitrators.

EXECUTIVE INITIALS: [BC] **COMPANY INITIALS: [MQ]**

(c) ***WAIVER OF JURY TRIAL*****. BY SIGNING THIS AGREEMENT, EXECUTIVE AND THE COMPANY ACKNOWLEDGE THAT THE RIGHT TO A COURT TRIAL AND TRIAL BY JURY IS OF VALUE, AND KNOWINGLY AND VOLUNTARILY WAIVE THAT RIGHT FOR ANY DISPUTE SUBJECT TO THE TERMS OF THIS ARBITRATION PROVISION.**

13. Titles and Captions. All paragraph titles or captions in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any provision hereof.

14. Joint Drafting. In recognition of the fact that the parties had an equal opportunity to negotiate the language of, and draft, this Agreement, the parties acknowledge and agree that there is no single drafter of this Agreement and, therefore, the general rule that ambiguities are to be construed against the drafter is, and shall be, inapplicable. If any language in this Agreement is found or claimed to be ambiguous, each party shall have the same opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language without any inference or presumption being drawn against any party.

15. Notices. All notices and other communications to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by certified mail or by a recognized national courier service, postage or charges prepaid, (a) to Scientific Games Corporation, Attn: to Scientific Games Corporation, Attn: Legal Department, 6601 Bermuda Road, Las Vegas, Nevada 89119, (b) to Executive, at the last address shown in the Company's records, with a copy (which shall not constitute notice) to: Gillian Emmett Moldowan, Shearman & Sterling LLP, 599 Lexington

Avenue, New York, NY 10022, or (c) to such other replacement address as may be designated in writing by the addressee to the addressor.

16. Legal Fees. The Company shall reimburse Executive for up to $25,000 in the aggregate for any documented legal fees expended or incurred by Executive through the date hereof in connection with negotiating the terms of this Agreement, payable within 60 days of Executive's submission of reasonably satisfactory documentation of such fees.

17. Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," unless the context otherwise indicates. When a reference in this Agreement is made to a "party" or "parties," such reference shall be to a party or parties to this Agreement unless otherwise indicated or the context requires otherwise. Unless the context requires otherwise, (a) the terms "hereof," "herein," "hereby," "hereto", "hereunder" and derivative or similar words in this Agreement refer to this entire Agreement, (b) the word "or" is disjunctive but not exclusive and (c) words in this Agreement using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders. References in this Agreement to "dollars" or "$" are to U.S. dollars. When a reference is made in this Agreement to a law, statute or legislation, such reference shall be to such law, statute or legislation as it may be amended, modified, extended or re-enacted from time to time (including any successor law, statute or legislation) and shall include any regulations promulgated thereunder from time to time. The headings used herein are for reference only and shall not affect the construction of this Agreement.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date above written.

SCIENTIFIC GAMES CORPORATION

By: /s/Michael Quartieri
Name: Michael Quartieri
Title: Executive Vice President & Chief Financial Officer

EXECUTIVE

/s/Barry L. Cottle
Name: Barry L. Cottle

EXHIBIT A

Terms and Conditions of 2018-2020 LTIP

The 2018-2020 LTIP is subject to the terms and conditions set forth below:

(1) Definitions. Capitalized terms used but not defined herein have the meanings ascribed to them in the Employment Agreement between Barry Cottle and Scientific Games Corporation, dated as May ____, 2018 (the "Agreement"). As used in the 2018-2020 LTIP, the following terms have the following meanings:

(a) "2017 EBITDA" means earnings before interest, tax, depreciation and amortization for the Business for the calendar year ending December 31, 2017. The 2017 EBITDA calculation will exclude: (i) accruals relating to any payment to be made pursuant to this 2018-2020 LTIP; (ii) expenses relating to any payment under the Social LTIP for the period ending December 31, 2017; (iii) expenses relating to the 2016 carve-out of the Business as an unrestricted subsidiary; (iv) intellectual property royalties arising from intercompany royalty arrangements as a result of the unrestriction of the Business; (v) social audit fees; (vi) other non-recurring or one-time financial results that the Compensation Committee determines in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee, must be excluded to ensure 2017 EBITDA, 2019 EBITDA and 2020 EBITDA are calculated on the same basis; and (vii) other reasonable exclusions, including related to acquisitions, joint ventures or other similar transactions (collectively, "Transactions"), as determined by the Compensation Committee in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee. For the avoidance of doubt, 2017 EBITDA, 2019 EBITDA and 2020 EBITDA shall be calculated on a consistent basis both with respect to accounting principles and types of exclusions in a manner that is not to the benefit or the detriment of Executive; provided that the Compensation Committee shall retain discretion to provide for different treatment with respect to different Transactions, based on considerations such as the applicable Transaction's structure or financing arrangements.

(b) "2019 EBITDA" means earnings before interest, tax, depreciation and amortization for the Business for the calendar year ending December 31, 2019. The 2019 EBITDA calculation will exclude: (i) accruals relating to any payment to be made pursuant to this 2018-2020 LTIP; (ii) expenses relating to any payment under the Social LTIP for the period ending December 31, 2017; (iii) expenses relating to the 2016 carve-out of the Business as an unrestricted subsidiary; (iv) intellectual property royalties arising from intercompany royalty arrangements as a result of the unrestriction of the Business; (v) social audit fees; (vi) other non-recurring or one-time financial results that the Compensation Committee determines in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee, must be excluded to ensure 2017 EBITDA, 2019 EBITDA and 2020 EBITDA are calculated on the same basis; and (vii) other reasonable exclusions, including related to Transactions, as determined by the Compensation

Committee in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee. For the avoidance of doubt, 2017 EBITDA, 2019 EBITDA and 2020 EBITDA shall be calculated on a consistent basis both with respect to accounting principles and types of exclusions in a manner that is not to the benefit or the detriment of Executive; provided that the Compensation Committee shall retain discretion to provide for different treatment with respect to different Transactions, based on considerations such as the applicable Transaction's structure or financing arrangements. 2019 EBITDA shall be calculated on the entirety of the Business as of December 31, 2019; provided that if the value of the assets of the Business at such time is less than 100% of the value of the assets of the Business as of December 31, 2017 due to a sale, initial public offering or other similar transaction involving the disposition of assets related to the Business that does not qualify as a Sale or an IPO, then the Compensation Committee shall equitably adjust 2019 EBITDA to reflect such dispositions.

(c) "2020 EBITDA" means earnings before interest, tax, depreciation and amortization for the Business for the calendar year ending December 31, 2020. The 2020 EBITDA calculation will exclude: (i) accruals relating to any payment to be made pursuant to this 2018-2020 LTIP; (ii) expenses relating to any payment under the Social LTIP for the period ending December 31, 2017; (iii) expenses relating to the 2016 carve-out of the Business as an unrestricted subsidiary; (iv) intellectual property royalties arising from intercompany royalty arrangements as a result of the unrestriction of the Business; (v) social audit fees; (vi) other non-recurring or one-time financial results that the Compensation Committee determines in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee, must be excluded to ensure 2017 EBITDA, 2019 EBITDA and 2020 EBITDA are calculated on the same basis; and (vii) other reasonable exclusions, including related to Transactions, as determined by the Compensation Committee in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee. For the avoidance of doubt, 2017 EBITDA, 2019 EBITDA and 2020 EBITDA shall be calculated on a consistent basis both with respect to accounting principles and types of exclusions in a manner that is not to the benefit or the detriment of Executive; provided that the Compensation Committee shall retain discretion to provide for different treatment with respect to different Transactions, based on considerations such as the applicable Transaction's structure or financing arrangements. 2020 EBITDA shall be calculated on the entirety of the Business as of December 31, 2020; provided that if the value of the assets of the Business at such time is less than 100% of the value of the assets of the Business as of December 31, 2017 due to a sale, initial public offering or other similar transaction involving the disposition of assets related to the Business that does not qualify as a Sale or an IPO, then the Compensation Committee shall equitably adjust 2020 EBITDA to reflect such dispositions.

(d) "Business" means the Company's B2C (business to consumer) Social Casino Business, which is currently comprised of SG Nevada Holding Company II, LLC and all of its subsidiaries, and successors and assigns thereof; provided that the determination of what constitutes the Business is subject to the good faith and reasonable discretion of the Compensation Committee, with Executive having the opportunity to provide input to a member of the Compensation Committee.

(e) "IPO" means an initial public offering of the LTIP Entity in which (i) the shareholders of the LTIP Entity sell LTIP Entity Securities for cash pursuant to an effective registration statement under the Securities Act or (ii) the Company or one of its subsidiaries sells LTIP Entity Securities for cash pursuant to an effective registration statement under the Securities Act; provided that, an IPO shall not be considered to have occurred until LTIP Entity Securities have been sold representing at least 51% of the value of the outstanding LTIP Entity Securities as of immediately prior to the first sale of LTIP Entity Securities pursuant to an effective registration statement under the Securities Act.

(f) "LTIP Entity Securities" means the equity securities of an entity (the "LTIP Entity") that, together with its subsidiaries, owns assets of the Business representing 51% or more of the value of the assets of the Business at the time of the closing of a Sale or an IPO (measured based on the gross value of the assets of the Business, without regard to its liabilities).

(g) "Sale" means either (i) a sale, transfer or other disposition by the Company and its subsidiaries and affiliates for cash, securities or other consideration (or any combination of the foregoing) of at least 51% of the value of the LTIP Entity Securities, or (ii) a sale, lease, transfer or exclusive license or other disposition by the Company and its subsidiaries and affiliates for cash, securities or other consideration (or any combination of the foregoing) of at least 51% of the assets of the Business taken as a whole (measured based on the gross value of the assets of the Business, without regard to its liabilities) (including by means of the sale of the equity securities of one or more entities), to a party or parties (collectively with their subsidiaries and affiliates, the "Buyer Entities") in a single transaction or series of related transactions pursuant to a definitive purchase agreement or series of agreements, including transactions where the purpose is to create a joint venture involving the Business, in each case, entered into between the Company and/or one or more of its subsidiaries and affiliates and one or more of the Buyer Entities. Notwithstanding the foregoing, an internal restructuring, reorganization or recapitalization (where, for the avoidance of doubt, the Company or its wholly-owned subsidiaries continue to own all of the Business and its assets) or IPO shall not constitute a Sale.

(h) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(2) Payment in the Event of no Sale or IPO. In the event the closing of a Sale or an IPO does not occur prior to December 31, 2020, provided Executive remains an employee of the Company or any of its subsidiaries or affiliates through such date (subject to paragraph 3 of this 2018-2020

LTIP), Executive will receive a cash payment equal to 8% of the amount by which 2020 EBITDA exceeds 2017 EBITDA. Such payment will be made to Executive following the date on which 2020 results are audited and approved by the Compensation Committee, but in no event later than March 15, 2021.

(3) Certain Terminations of Employment. In the event Executive's employment is terminated under circumstances entitling him to payments or benefits under the Agreement prior to any payout under this 2018-2020 LTIP, Executive shall be entitled to receive payment of an amount equal to (A) the amount which would have been payable to Executive under the terms of the 2018-2020 LTIP had Executive remained in employment with the Company until payout of the 2018-2020 LTIP, multiplied by (B) a fraction (x) the numerator of which is the number of days Executive was employed with the Company during the period beginning on January 1, 2018 and ending on December 31, 2020, and (y) the denominator of which is 1,096.

(4) Taxes and Internal Revenue Code 409A. All payments made to Executive will be subject to and made in accordance with Section 3(f) of the Agreement. For purposes of Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(5) Business must be Operated in Ordinary Course. Executive acknowledges that the Business must be operated in the ordinary course to ensure long-term growth.

(6) Construction. The provisions of this 2018-2020 LTIP shall be interpreted and administered by the Compensation Committee in its good faith and reasonable discretion, with Executive having the opportunity to provide input to a member of the Compensation Committee, in a manner to prevent duplication of the aggregate opportunity provided hereunder.

Exhibit B-1
2018 Special Equity Award

- A total of 300,000 Restricted Stock Units
  - 100,000 vest one-third per year, subject to Executive's continued employment, except that if Executive is terminated without Cause or resigns for Good Reason on or prior to the first anniversary of the Effective Date, one-third of the RSUs will vest on the date of such termination; and
  - 200,000 are eligible to cliff vest on the third anniversary of the grant date based upon achievement of Attributable EBITDA targets as follows:
    - 1,500 million Attributable EBITDA – 25% of the RSUs vest;
    - 1,600 million Attributable EBITDA – 50% of the RSUs vest; and
    - 1,700 million Attributable EBITDA – 100% of the RSUs vest.
    - Attributable EBITDA will be measured from June 1, 2018 through May 31, 2021
    - If Executive is terminated without Cause or resigns for Good Reason at any time prior to the third anniversary of the grant date, Executive will be eligible to receive a pro-rated portion of the RSUs based upon actual performance against the Attributable EBITDA target (measured as of the 12 month period ending at the last completed calendar quarter prior to the Executive's termination without Cause or resignation for Good Reason), multiplied by a fraction, the numerator of which is the number of days Executive was employed with the Company from the Effective Date through the date of the qualifying termination and the denominator of which is 1,096.
- Award to be evidenced by the execution of the Company's standard form of award agreement under the Incentive Compensation Plan, as modified to reflect Exhibit B-1.

Exhibit B-2
2018 Award

- Award to have a grant date fair value equal to approximately $2,565,068, with allocation as to form of equity to be on the same basis and with the same vesting terms as annual equity awards granted to other members of the Company's senior executive team, which is four-year ratable vesting. Awards to be granted on June 1, 2018. Performance-based stock options eligible to vest if 60-trading day average closing stock price of the Company's common stock meets or exceeds 120% of the exercise price. Vesting to begin on grant date.
- Awards to be evidenced by the execution of the Company's standard form of award agreements under the Incentive Compensation Plan, as modified to reflect Exhibit B-2.

Exhibit C

Inventions

None.

Employment Agreement

This Employment Agreement (this "Agreement") is dated and effective as of May 14, 2018 (the "Effective Date") by and between Scientific Games Corporation, a Nevada corporation (the "Company"), and Doug Albregts ("Executive").

WHEREAS, the Company and Executive wish to enter into this Agreement setting forth terms and conditions of Executive's employment.

NOW, THEREFORE, in consideration of the premises and mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company and Executive, the parties agree as follows.

1. Employment; Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, in accordance with and subject to the terms and conditions set forth in this Agreement. This term of employment of Executive under this Agreement (the "Term") shall be the period commencing on June 4, 2018, or such later date that is reasonably requested by the Company, and ending on June 3, 2021, as may be extended in accordance with this Section 1 and subject to earlier termination in accordance with Section 4. The Term shall be extended automatically without further action by either party by one (1) additional year (added to the end of the Term), and then on each succeeding annual anniversary thereafter, unless either party shall have given written notice to the other party prior to the date which is sixty (60) days prior to the date upon which such extension would otherwise have become effective electing not to further extend the Term, in which case Executive's employment shall terminate on the date upon which such extension would otherwise have become effective, unless earlier terminated in accordance with Section 4.

2. Position and Duties. During the Term, Executive will serve as Executive Vice President and Group Chief Executive, Gaming, of the Company and as an officer or director of any subsidiary or affiliate of the Company if elected or appointed to such positions, as applicable, during the Term. In such capacities, Executive shall perform such duties and shall have such responsibilities as are normally associated with such positions, and as otherwise may be assigned to Executive from time to time by the Company or upon the authority of the board of directors of the Company (the "Board"). Subject to Section 4(e), Executive's functions, duties and responsibilities are subject to reasonable changes as the Company may in good faith determine from time to time. Executive hereby agrees to accept such employment and to serve the Company and its subsidiaries and affiliates to the best of Executive's ability in such capacities, devoting all of Executive's business time to such employment. Notwithstanding the foregoing, during the Term, Executive may (i) participate in charitable, civic, educational, professional, community or industry affairs, but service on any board shall be subject to (ii), (ii) with prior written consent for each individual board position (which may be granted or denied in the Company's sole discretion), serve as a member of the boards of directors of for-profit and not-for-profit entities, and (iii) manage Executive's passive personal investments, so long as such activities, individually or in the aggregate, do not materially interfere or conflict with Executive's duties hereunder or create a potential business or fiduciary conflict.

3. Compensation.

(a) *Base Salary*. During the Term, Executive will receive a base salary of one million and one hundred thousand U.S. dollars (US$1,100,000) per annum (pro-rated for any partial year), payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive. In the event

that the Company, in its sole discretion, from time to time determines to increase Executive's base salary, such increased amount shall, from and after the effective date of such increase, constitute the "base salary" of Executive for purposes of this Agreement. For the avoidance of doubt, the Company may increase Executive's base salary in accordance with the preceding sentence, but in no event shall the Company decrease Executive's base salary.

(b) *Incentive Compensation*. Executive shall have the opportunity annually to earn incentive compensation ("Incentive Compensation") during the Term in amounts determined by the Compensation Committee of the Board (the "Compensation Committee") in its sole discretion in accordance with the applicable incentive compensation plan of the Company as in effect from time to time (the "Incentive Compensation Plan"). Under such Incentive Compensation Plan, Executive shall have the opportunity annually to earn up to 100% of Executive's base salary as Incentive Compensation at "target opportunity" ("Target Bonus") and up to 200% of Executive's Target Bonus opportunity as Incentive Compensation at "maximum opportunity" on the terms and subject to the conditions of such Incentive Compensation Plan (any such Incentive Compensation to be subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive). Executive's 2018 Incentive Compensation will be pro-rated based on the number of days he works during 2018; provided, however, Executive shall be entitled to guaranteed minimum Incentive Compensation equal to at least his Target Bonus multiplied by a fraction, the numerator of which is the number of days between the Executive's first day of employment with the Company and December 31, 2018 and the denominator of which is 365, with respect to the 2018 performance period, to be paid on the same date as Incentive Compensation is paid to other senior executives of the Company (the "2018 Guaranteed Incentive Compensation").

(c) *Eligibility for Annual Equity Awards*. During the Term, Executive shall be eligible to receive an annual grant of stock options, restricted stock units or other equity awards in the sole discretion of the Compensation Committee and in accordance with the applicable plans and programs of the Company for executives of the Company and subject to the Company's right to at any time amend or terminate any such plan or program, so long as any such change does not adversely affect any accrued or vested interest of Executive under any such plan or program.

(d) *Expense Reimbursement*. Subject to Section 3(h), during the Term the Company shall reimburse Executive for all reasonable and necessary travel and other business expenses incurred by Executive in connection with the performance of Executive's duties under this Agreement, on a timely basis upon timely submission by Executive of vouchers therefor in accordance with the Company's standard policies and procedures.

(e) *Employee Benefits*. During the Term, Executive shall be entitled to participate, without discrimination or duplication, in any and all medical insurance, group health, disability, life insurance, accidental death and dismemberment insurance, 401(k) or other retirement, deferred compensation, stock ownership and such other plans and programs which are made generally available by the Company to similarly situated executives of the Company in accordance with the terms of such plans and programs and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such plan or program. Executive shall be entitled to paid time off, holidays and any other time off in accordance with the Company's policies in effect from time to time.

(f) *Sign-On Award*. In connection with Executive's execution of this Agreement, the Company will grant to Executive a sign-on award within ten (10) days after the Executive's first day of employment with the Company comprised of 50,000 restricted stock units (the "Sign-On Award"), pursuant to an equity award agreement substantially in the form attached hereto as Exhibit A, to be entered into by

and between the Company and Executive (the "Sign-On Award Agreement"). For the avoidance of doubt, in the event of a conflict between Section 8(a) of the Sign-On Award and Section 4(e)(v) of this Agreement, the provisions of Section 4(e)(v) of this Agreement shall control.

(g) *Relocation Benefits*. Executive's employment shall be based in Las Vegas, Nevada at the Company's headquarters. Executive will receive the Company's executive level relocation benefits, including twelve (12) months of temporary furnished housing and utilities in Las Vegas provided through the Company's relocation provider.

(h) *Taxes and Internal Revenue Code 409A*. Payment of all compensation and benefits to Executive under this Agreement shall be subject to all legally required and customary withholdings. The Company makes no representations or warranties and shall have no responsibility regarding the tax implications of the compensation and benefits to be paid to Executive under this Agreement, including under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable administrative guidance and regulations ("Section 409A"). Section 409A governs plans and arrangements that provide "nonqualified deferred compensation" (as defined under the Code) which may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to pay compensation and provide benefits under this Agreement (including under Section 3 and Section 4) in amounts, at times and in a manner that minimizes taxes, interest or penalties as a result of Section 409A. In addition, in the event any benefits or amounts paid to Executive hereunder are deemed to be subject to Section 409A, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its reasonable discretion, to comply with Section 409A (including delaying payment until six (6) months following termination of employment). To the extent any payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits may be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payments or other benefits shall be restructured, to the extent permissible under Section 409A, in a manner determined by the Company, in good faith consultation with Executive, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute deferred compensation under Section 409A, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Agreement, including each payment in a series of payments, shall be designated as a "separate payment" within the meaning of Section 409A.

(i) *Sign-On Bonus*. The Company will pay Executive a sign-on bonus of ten thousand dollars ($10,000) within thirty (30) days after Executive's first day of employment with the Company.

4. Termination of Employment. Executive's employment may be terminated at any time prior to the end of the Term under the terms described in this Section 4, and the Term shall automatically terminate upon any termination of Executive's employment. For purposes of clarification, except as provided in Sections 4(e), 4(f) and 5.6, all stock options, restricted stock units and other equity-based awards will be governed by the terms of the plans, grant agreements and programs under which such options, restricted stock units or other awards were granted on any termination of the Term and Executive's employment with the Company.

(a) *Termination by Executive for Other than Good Reason*. Executive may terminate Executive's employment hereunder for any reason or no reason upon 60 days' prior written notice to the Company referring to this Section 4(a); provided, however, that a termination by Executive for "Good Reason" (as defined below) shall not constitute a termination by Executive for other than Good Reason

pursuant to this Section 4(a). In the event Executive terminates Executive's employment for other than Good Reason, Executive shall be entitled only to the following compensation and benefits (the payments set forth in Sections 4(a)(i) – 4(a)(iii), collectively, the "Standard Termination Payments"):

(i) any accrued but unpaid base salary for services rendered by Executive to the date of such termination, payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive;

(ii) any vested non-forfeitable amounts owing or accrued at the date of such termination under benefit plans, programs and arrangements set forth or referred to in Section 3(e) in which Executive participated during the Term (which will be paid under the terms and conditions of such plans, programs, and arrangements (and agreements and documents thereunder)); and

(iii) reasonable business expenses and disbursements incurred by Executive prior to such termination will be reimbursed in accordance with Section 3(d).

(b) *Termination By Reason of Death*. If Executive dies during the Term, the last beneficiary designated by Executive by written notice to the Company (or, in the absence of such designation, Executive's estate) shall be entitled only to the Standard Termination Payments, including any benefits that may be payable under any life insurance benefit of Executive for which the Company pays premiums, in accordance with the terms of any such benefit and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such benefit.

(c) *Termination By Reason of Total Disability*. The Company may terminate Executive's employment in the event of Executive's "Total Disability." For purposes of this Agreement, "Total Disability" shall mean Executive's (1) becoming eligible to receive benefits under any long-term disability insurance program of the Company or (2) failure to perform the duties and responsibilities contemplated under this Agreement for a period of more than 180 days during any consecutive 12-month period due to physical or mental incapacity or impairment. In the event that Executive's employment is terminated by the Company by reason of Total Disability, Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments; provided, however, that the Executive may separately be entitled to disability payments pursuant to a disability plan sponsored or maintained by the Company or any of its affiliates providing benefits to Executive.

(d) *Termination by the Company for Cause*. The Company may terminate the employment of Executive at any time for "Cause." For purposes of this Agreement, "Cause" shall mean: (i) gross neglect by Executive of Executive's duties hereunder; (ii) Executive's indictment for or conviction of a felony, or any non-felony crime or offense involving the property of the Company or any of its subsidiaries or affiliates or evidencing moral turpitude; (iii) willful misconduct by Executive in connection with the performance of Executive's duties hereunder; (iv) intentional breach by Executive of any material provision of this Agreement; (v) material violation by Executive of a material provision of the Company's Code of Business Conduct; or (vi) any other willful or grossly negligent conduct of Executive that would make the continued employment of Executive by the Company materially prejudicial to the best interests of the Company. In the event Executive's employment is terminated for "Cause," Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments.

(e) *Termination by the Company without Cause or by Executive for Good Reason*. The Company may terminate Executive's employment at any time without Cause, for any reason or no reason,

and Executive may terminate Executive's employment for "Good Reason." For purposes of this Agreement "Good Reason" shall mean that, without Executive's prior written consent, any of the following shall have occurred: (A) a material adverse change to Executive's positions, titles, offices, or duties following Executive's first day of employment with the Company from those set forth in Section 2, except, in such case, in connection with the termination of Executive's employment for Cause or due to Total Disability, death or expiration of the Term; (B) a material decrease in base salary or material decrease in Executive's Incentive Compensation opportunity provided under this Agreement; or (C) any other material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of, this Agreement; provided, however, that a termination by Executive for Good Reason under any of clauses (A) through (C) of this Section 4(e) shall not be considered effective unless Executive shall have provided the Company with written notice of the specific reasons for such termination within thirty (30) days after Executive has knowledge of the event or circumstance constituting Good Reason and the Company shall have failed to cure the event or condition allegedly constituting Good Reason within thirty (30) days after such notice has been given to the Company and Executive actually terminates his employment within one (1) year following the initial occurrence of the event giving rise to Good Reason. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason (and not, for the avoidance of doubt, in the event of a termination pursuant to Section 4(a), (b), (c), (d), or due to or upon the expiration of the Term), the Company shall pay or provide the following amounts to Executive:

(i) the Standard Termination Payments;

(ii) an amount equal to the sum of (A) Executive's annual base salary then in effect and (B) an amount equal to the highest annual Incentive Compensation paid to Executive in respect of the two (2) most recent fiscal years of the Company but not more than Executive's Target Bonus for the-then current fiscal year; provided that, if such termination occurs prior to the payment of the Incentive Compensation for fiscal year 2019, such amount shall be Executive's Target Bonus for the current fiscal year (such amount under this sub-clause (B), the "Severance Bonus Amount"), such amount under this clause (ii) payable in equal installments in accordance with the Company's normal payroll practices over a period of 12 months after such termination, and otherwise in accordance with Section 4(h); provided, however, that if termination of employment under this Section 4(e) occurs at any time prior to the first anniversary of the Effective Date, Executive shall instead be entitled to two times (2X) the sum of (A) in this sub-section (ii) and that payment shall be payable in equal installments in accordance with the Company's normal payroll practices over a period of 24 months after such termination, and otherwise in accordance with Section 4(h); and any unpaid Incentive Compensation with respect to the prior performance year, including the 2018 Guaranteed Incentive Compensation, payable when such bonuses are paid to other executives of the Company, but no later than March 15 following the end of the year in which such termination occurs; and

(iii) no later than March 15 following the end of the year in which such termination occurs, in lieu of any Incentive Compensation for the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs; and

(iv) if Executive elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of twelve (12) months has elapsed; or (B) Executive is eligible for medical coverage under a plan provided by a new employer; and

(v) (A) in the event that Executive's employment is terminated under this subsection 4(e) prior to the first anniversary of his first day of employment with the Company and subject to Section 4(l) and Section 5.6, upon the effectiveness of the release referred to in Section 4(l), any then unvested portion of the Sign-On Award held by Executive immediately prior to such termination shall become fully vested and shall be settled as soon as practicable, but no earlier than the earliest time permitted without the imposition of any additional taxes or penalties under Section 409A of the Code. The Sign-On Award will remain subject to any forfeiture and claw back provisions of the Sign-On Award Agreement and this Agreement; or

(B) in the event that Executive's employment is terminated under this subsection 4(e) on or subsequent to the first anniversary of his first day of employment with the Company but prior to the date that the Sign-On Award has fully vested and subject to Section 4(l) and Section 5.6, upon the effectiveness of the release referred to in Section 4(l), any then unvested portion of the Sign-On Award held by Executive immediately prior to such termination that is scheduled to vest in the twelve (12) month period after the termination date shall become fully vested and shall be settled as soon as practicable, but no earlier than the earliest time permitted without the imposition of any additional taxes or penalties under Section 409A of the Code. The Sign-On Award will remain subject to any forfeiture and claw back provisions of the Sign-On Award Agreement and this Agreement. Any additional unvested portion of the Sign-On Award will be forfeited as of the termination date.

(f) *Termination by the Company without Cause or by Executive for Good Reason in connection with a Change in Control*. In the event Executive's employment is terminated by the Company without Cause or by Executive for Good Reason pursuant to Section 4(e) and such termination occurs upon, or within one (1) year immediately following, a "Change in Control" (as defined below), Executive shall be entitled (without duplication) to the payments and benefits described in Section 4(e).

For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if: (i) any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act, but excluding the Company and any subsidiary or affiliate and any employee benefit plan sponsored or maintained by the Company or any subsidiary or affiliate (including any trustee of such plan acting as trustee) or any current stockholder of 20% or more of the outstanding common stock of the Company, directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing at least 40% of the combined voting power of the Company's then-outstanding securities; (ii) the stockholders of the Company approve a merger, consolidation, recapitalization, or reorganization of the Company, or a reverse stock split of any class of voting securities of the Company, or the consummation of any such transaction if stockholder approval is not obtained, other than any such transaction that would result in at least 60% of the total voting power represented by the voting securities of the Company or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of the Company outstanding immediately prior to such

transaction; provided that, for purposes of this Section 4(f), such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 60% threshold is due solely to the acquisition of voting securities by an employee benefit plan of the Company or such surviving entity or of any subsidiary of the Company or such surviving entity; (iii) the stockholders of the Company approve a plan of complete liquidation of the Company, an agreement for the sale or disposition by the Company of all or substantially all of its assets (or any transaction having a similar effect); or (iv) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board, together with any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (ii) or (iii) above) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board.

(g) *Expiration of Term of Agreement.* In the event Executive's employment is terminated by the Company at the end of the Term, Executive shall receive:

(i) the Standard Termination Payments;

(ii) an amount equal to the Executive's annual base salary then in effect payable in equal installments in accordance with the Company's normal payroll practices over a period of 12 months after such termination, and otherwise in accordance with Section 4(h);

(iii) no later than March 15 following the end of the year in which such termination occurs, in lieu of any Incentive Compensation for the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs; and

(iv) if Executive elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of twelve (12) months has elapsed; or (B) Executive is eligible for medical coverage under a plan provided by a new employer.

(h) *Timing of Certain Payments under Section 4*. For purposes of Section 409A, references herein to the Executive's "termination of employment" shall refer to Executive's separation of services with the Company within the meaning of Treas. Reg. Section 1.409A-1(h). If at the time of Executive's separation of service with the Company other than as a result of Executive's death, (i) Executive is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code), (ii) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, and (iii) the deferral of the commencement of any such payments or benefits otherwise payable hereunder as a result of such separation of service is necessary in order to prevent any accelerated or additional tax under Section 409A, such payments may be made as follows: (i) no payments for a six-month period following the date of Executive's separation of service with the Company; (ii) an amount equal to the aggregate sum that would have been otherwise payable during the initial six-month period paid in a lump sum on the first payroll date following six (6) months following the

date of Executive's separation of service with the Company (subject to such deductions or amounts to be withheld as required by applicable law and regulations); and (iii) during the period beginning six (6) months following Executive's separation of service with the Company through the remainder of the applicable period, payment of the remaining amount due in equal installments in accordance with the Company's standard payroll practices (subject to such deductions or amounts to be withheld as required by applicable law and regulations).

(i) *Mitigation*. In the event the Executive's employment is terminated in accordance with Section 4(e), (f) or (g) and Executive is employed by or otherwise engaged to provide services to another person or entity at any time prior to the end of any period of payments to or on behalf of Executive contemplated by this Section 4, Executive shall immediately advise the Company of such employment or engagement and his compensation therefor and the Company's obligation to make payments pursuant to Section 4(e), (f) or (g) shall be reduced by any base compensation payable to Executive during the applicable period through such other employment or engagement. For the avoidance of doubt, the "base compensation" described in the preceding sentence will not include any fees or other income that Executive receives for any commitments or engagements that Executive is involved with during his employment with the Company as long as such commitments or engagements do not violate this Agreement, including the final sentence of Section 2.

(j) *Set-Off*. To the fullest extent permitted by law and provided an acceleration of income or the imposition of an additional tax under Section 409A would not result, any amounts otherwise due to Executive hereunder (including any payments pursuant to this Section 4) shall be subject to set-off with respect to any amounts Executive otherwise owes the Company or any subsidiary or affiliate thereof; provided, however, no set-off shall be applied unless and until the Company has first given written notice to Executive describing such amounts in reasonable detail and Executive has had an opportunity to address any amounts allegedly in arrears.

(k) *No Other Benefits or Compensation*. Except as may be specifically provided under this Agreement, under any other effective written agreement between Executive and the Company, or under the terms of any plan or policy applicable to Executive, Executive shall have no right to receive any other compensation from the Company or any subsidiary or affiliate thereof, or to participate in any other plan, arrangement or benefit provided by the Company or any subsidiary or affiliate thereof, with respect to any future period after such termination or resignation. Executive acknowledges and agrees that Executive is entitled to no compensation or benefits from the Company or any of its subsidiaries or affiliates of any kind or nature whatsoever in respect of periods prior to the date of this Agreement.

(l) *Release of Employment Claims; Compliance with Section 5*. Executive agrees, as a condition to receipt of any termination payments provided for in this Section 4 (other than the Standard Termination Payments), that Executive will execute a general release agreement, in a form reasonably satisfactory to the Company, releasing any and all claims arising out of Executive's employment and the termination of such employment. The Company shall provide Executive with the proposed form of general release agreement referred to in the immediately preceding sentence no later than five (5) days following the date of termination. Executive shall thereupon have at least 21 days to consider such general release agreement and, if Executive executes such general release agreement, shall have seven (7) days after execution of such general release agreement to revoke such general release agreement. Absent such revocation, such general release agreement shall become binding on Executive. If Executive does not revoke such general release agreement, payments contingent on such general release agreement shall be paid on the later of the 60th day after the date of termination or the date such payments are otherwise scheduled to be paid pursuant to this Agreement (including pursuant to Section 4(h) hereof). The Company's obligation to make any

termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments) shall immediately cease if Executive willfully or materially breaches Section 5.1, 5.2, 5.3, 5.4, or 5.8.

(m) *Section 280G*. If the aggregate of all amounts and benefits due to the Executive under this Agreement or any other plan, program, agreement or arrangement of the Company or any of its affiliates, which, if received by the Executive in full, would constitute "parachute payments," as such term is defined in and under Section 280G of the Code (collectively, "Change in Control Benefits"), reduced by all Federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive, after all such applicable taxes, if the Executive received aggregate Change in Control Benefits equal to an amount which is $1.00 less than three (3) times the Executive's "base amount," as defined in and determined under Section 280G of the Code, then such Change in Control Benefits shall be reduced or eliminated to the extent necessary so that the Change in Control Benefits received by the Executive will not constitute parachute payments. If a reduction in the Change in Control Benefits is necessary, reduction shall occur in the following order unless the Executive elects in writing a different order, subject to the Company's consent (which shall not be unreasonably withheld or delayed): (i) severance payment based on multiple of base salary and/or Target Bonus; (ii) other cash payments; (iii) any pro-rated bonus paid as severance; (iv) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (v) any equity awards accelerated or otherwise valued at full value, provided such equity awards are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vi) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vii) acceleration of vesting of all other stock options and equity awards; and (viii) within any category, reductions shall be from the last due payment to the first.

It is possible that after the determinations and selections made pursuant to the preceding paragraph that the Executive will receive Change in Control Benefits that are, in the aggregate, either more or less than the amounts contemplated by the preceding paragraph (hereafter referred to as an "Excess Payment" or "Underpayment," respectively). If there is an Excess Payment, the Executive shall promptly repay the Company an amount consistent with this paragraph. If there is an Underpayment, the Company shall pay the Executive an amount consistent with this paragraph.

5. Noncompetition; Non-solicitation; Nondisclosure; etc.

5.1 Noncompetition; Non-solicitation.

(a) Executive acknowledges the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information renders Executive special and unique within the Company's industries. In consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that during the Term (including any extensions thereof) and during the Covered Time (as defined in Section 5.1(e)), Executive, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 5, "Competing Business" shall mean any business or operations: (i) (A) involving the design, development, manufacture, production, sale, lease, license, provision, operation or management (as the case may be) of (1) instant lottery tickets or games or any related marketing, warehouse, distribution, category management or other services or programs; (2) lottery-related terminals or vending machines (whether clerk-

operated, self-service or otherwise); (3) gaming machines, terminals or devices (including video or reel spinning slot machines, video poker machines, video lottery terminals and fixed odds betting terminals); (4) lottery, video gaming (including server-based gaming), sports betting or other wagering or gaming systems, regardless of whether such systems are land-based, internet-based or mobile (including control and monitoring systems, local or wide-area progressive systems and redemption systems); (5) lottery-, real money gaming- or social gaming-related proprietary or licensed content (including themes, entertainment and brands), platforms, websites and loyalty and customer relationship management programs regardless of whether any of the foregoing are land-based, internet-based or mobile-based; (6) social casino games or websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies) featuring social casino games or any related marketing, distribution, or other services or programs; (7) interactive casino gaming products or services, including interactive casino-game themed games and platforms for websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies); (8) gaming utility products (including shufflers, card-reading shoes, deck checkers and roulette chip sorters), table games (including live, simulated, online, social gaming, interactive and electronic) and related products and services; (9) slot accounting, casino management, casino marketing, player tracking, lottery, video lottery, bingo or similar gaming- or casino-related systems and related peripheral hardware, software and services; or (10) prepaid cellular or other phone cards; or (11) ancillary products (including equipment, hardware, software, marketing materials, chairs and signage) or services (including field service, maintenance and support) related to any of the foregoing under sub-clauses (1) through (10) above; or (B) in which the Company is then or was within the previous 12 months engaged, or in which the Company, to Executive's knowledge, contemplates to engage in during the Term or the Covered Time; (ii) in which Executive was engaged or involved (whether in an executive or supervisory capacity or otherwise) on behalf of the Company or with respect to which Executive has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by the Company. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

(b) In further consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that, during the Term (including any extensions thereof) and during the Covered Time, Executive shall not, directly or indirectly: (i) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to terminate his, her, or its relationship with the Company; (ii) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to become employees, agents, consultants or representatives of any other person or entity; or (iii) solicit or attempt to induce any customer, vendor or distributor of the Company to curtail or cancel any business with the Company; or (iv) hire any person who, to Executive's actual knowledge, is, or was within 180 days prior to such hiring, an employee of the Company. Sections (i) and (ii) are limited to employees, agents, consultants and representatives with whom Executive had material contact for the purpose of performing Executive's job duties or about whom Executive obtained confidential information during Executive's employment. Section (iii) is limited to customers, vendors and distributors with whom Executive had material contact for the purpose of performing his job duties, or about whom Executive obtained confidential information during his employment.

(c) During the Term (including any extensions thereof) and during the Covered Time, Executive agrees that upon the earlier of Executive's (i) negotiating with any Competitor (as defined below) concerning the possible employment of Executive by the Competitor, (ii) responding to (other than for the purpose of declining) an offer of employment from a Competitor, or (iii) becoming employed by a Competitor, (A) Executive will provide copies of Section 5 of this Agreement to the Competitor, and (B) in the case of

any circumstance described in (iii) above occurring during the Covered Time, and in the case of any circumstance described in (i) or (ii) above occurring during the Term or during the Covered Time, Executive will promptly provide notice to the Company of such circumstances. Executive further agrees that the Company may provide notice to a Competitor of Executive's obligations under this Agreement. For purposes of this Agreement, "Competitor" shall mean any person or entity (other than the Company, its subsidiaries or affiliates) that engages, directly or indirectly, in the United States or any other geographic area in any Competing Business.

(d) Executive understands that the restrictions in this Section 5.1 may limit Executive's ability to earn a livelihood in a business similar to the business of the Company but nevertheless agrees and acknowledges that the consideration provided under this Agreement (including Sections 3 and 4) is sufficient to justify such restrictions. In consideration thereof and in light of Executive's education, skills and abilities, Executive agrees that Executive will not assert in any forum that such restrictions prevent Executive from earning a living or otherwise should be held void or unenforceable.

(e) For purposes of this Section 5.1, "Covered Time" shall mean the period beginning on the date of termination of Executive's employment and ending twelve (12) months thereafter.

(f) In the event that a court of competent jurisdiction or arbitrator(s), as the case may be, determine that the provisions of this Section 5.1 are unenforceable for any reason, the parties acknowledge and agree that the court or arbitrator(s) is expressly empowered to reform any provision of this Section so as to make them enforceable as described in Section 10 below.

5.2 *Proprietary Information; Inventions.*

(a) Executive acknowledges that, during the course of Executive's employment with the Company, Executive necessarily will have (and during any employment by, or affiliation with, the Company prior to the Term has had) access to and make use of proprietary information and confidential records of the Company. Executive covenants that Executive shall not during the Term or at any time thereafter, directly or indirectly, use for Executive's own purpose or for the benefit of any person or entity other than the Company, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by the Company; (ii) the name and/or address of any customer or vendor of the Company or any information concerning the transactions or relations of any customer or vendor of the Company with the Company; (iii) any information concerning any product, technology, or procedure employed by the Company but not generally known to its customers or vendors or competitors, or under development by or being tested by the Company but not at the time offered generally to customers or vendors; (iv) any information relating to the Company's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by the Company; (vi) any information that, to Executive's actual knowledge, the Company ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of the Company's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which the Company, to Executive's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Executive acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public,

information that becomes available to Executive on an unrestricted, non-confidential basis from a source other than the Company or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Executive has knowledge, after reasonable inquiry, at the time of the relevant disclosure by Executive), including information known by Executive prior to Executive employment with the Company, contact information contained on Executive's rolodex (whether in paper or electronic form), or general lottery, land-based gaming, interactive gaming or social gaming industry information to the extent not particularly related or proprietary to the Company that was already known to Executive at the time Executive commences his employment by the Company that is not subject to nondisclosure by virtue of Executive's prior employment or otherwise. Notwithstanding the foregoing and Section 5.3, Executive may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in the performance of his duties as a director or employee of the Company, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him to divulge, disclose or make accessible such information (provided that in such case Executive shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by the Company to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without his violation of this Agreement, or (D) disclosed to Executive's immediate family members, attorney and/or his personal tax and financial advisors to the extent reasonably necessary to advance Executive's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 5.2 or Section 5.3 by Executive.

(a) Executive agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by Executive during the Term (and during any employment by, or affiliation with, the Company prior to the Term) shall belong to the Company, provided that such Inventions grew out of Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials. Executive shall further: (i) promptly disclose such Inventions to the Company; (ii) assign to the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Executive's inventorship. If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by Executive within two (2) years after the termination of Executive's employment with the Company, it is to be presumed that the Invention was conceived or made during the Term. Executive agrees that Executive will not assert any rights to any Invention as having been made or acquired by Executive prior to the date of this Agreement, except for Inventions, if any, disclosed in Exhibit B to this Agreement.

5.3 Confidentiality and Surrender of Records. Executive shall not, during the Term or at any time thereafter (irrespective of the circumstances under which Executive's employment by the Company terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by the Company, nor shall Executive retain, and will deliver promptly to the Company, any of the same following termination of Executive's employment hereunder for any reason or upon request by the Company. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals,

books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Executive's possession or under Executive's control or accessible to Executive which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during the Term and thereafter.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i). Executive understands that activities protected by Sections 5.2 and 5.3 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Executive acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under Federal or State trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

5.4 Non-disparagement. Executive shall not, during the Term and thereafter, disparage in any material respect the Company, any affiliate of the Company, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from making truthful statements that are required by applicable law, regulation or legal process.

5.5 No Other Obligations. Executive represents that Executive is not precluded or limited in Executive's ability to undertake or perform the duties described herein by any contract, agreement or restrictive covenant. Executive covenants that Executive shall not employ the trade secrets or proprietary information of any other person in connection with Executive's employment by the Company without such person's authorization.

5.6 Forfeiture of Outstanding Equity Awards; "Clawback" Policies. The other provisions of this Agreement notwithstanding, if Executive willfully and materially fails to comply with Section 5.1, 5.2, 5.3, 5.4, or 5.8, all options to purchase common stock, restricted stock units and other equity-based awards granted by the Company or any of its affiliates (whether prior to, contemporaneous with, or subsequent to the date hereof) and held by Executive or a transferee of Executive shall be immediately forfeited and cancelled. Executive acknowledges and agrees that, notwithstanding anything contained in this Agreement or any other agreement, plan or program, any incentive-based compensation or benefits contemplated under this Agreement (including Incentive Compensation and equity-based awards) shall be subject to recovery by the Company under any compensation recovery or "clawback" policy, generally applicable to executives of the Company, that the Company may adopt from time to time, including any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

5.7 Enforcement. Executive acknowledges and agrees that, by virtue of Executive's position, services and access to and use of confidential records and proprietary information, any violation by Executive of any of the undertakings contained in this Section 5 would cause the Company immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Executive agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Section 5. Executive waives posting of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5 are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

5.8 Cooperation with Regard to Litigation. Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by being available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative. In addition, except to the extent that Executive has or intends to assert in good faith an interest or position adverse to or inconsistent with the interest or position of the Company, Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), to assist the Company in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, in each case, as reasonably requested by the Company. The Company agrees to pay (or reimburse, if already paid by Executive) all reasonable travel and communication expenses actually incurred in connection with Executive's cooperation and assistance.

5.9 Survival. The provisions of this Section 5 shall survive the termination of the Term and any termination or expiration of this Agreement.

5.10 Company. For purposes of this Section 5, references to the "Company" shall include the Company and each subsidiary and/or affiliate of the Company (and each of their respective joint ventures and equity method investees).

6. Code of Conduct. Executive acknowledges that Executive has read the Company's Code of Business Conduct and agrees to abide by such Code of Business Conduct, as amended or supplemented from time to time, and other policies applicable to employees and executives of the Company.

7. Indemnification. The Company shall indemnify Executive to the full extent permitted under the Company's Certificate of Incorporation, By-Laws or applicable law and pursuant to any other agreements or policies in effect from time to time in connection with any action, suit or proceeding to which Executive may be made a party by reason of Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. During the Term and for at least six (6) years thereafter, the Company shall maintain a Directors and Officers Liability Insurance Policy under which Executive shall be included.

8. Assignability; Binding Effect. Neither this Agreement nor the rights or obligations hereunder of the parties shall be transferable or assignable by Executive, except in accordance with the laws of descent and distribution and as specified below. The Company may assign this Agreement and the Company's rights and obligations hereunder to any affiliate of the Company, provided that upon any such assignment the Company shall remain liable for the obligations to Executive hereunder. This Agreement shall be binding upon and inure to the benefit of Executive, Executive's heirs, executors, administrators, and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

9. Complete Understanding; Amendment; Waiver. This Agreement constitutes the complete understanding between the parties with respect to the employment of Executive and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including superseding any entitlements to benefits or payments pursuant to any severance plan, policy, practice or arrangement maintained by the Company or any affiliate thereof as of the Effective Date, and no statement, representation, warranty or covenant has been made by either party with respect thereto except as expressly set forth herein. Except as contemplated by Sections 3(h), 5.1(f) and 10, this Agreement shall not be modified, amended or terminated except by a written instrument signed by each of the parties. Any waiver of any term or provision hereof, or of the application of any such term or provision to any circumstances, shall be in writing signed by the party charged with giving such waiver. Waiver by either party of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived. No delay by either party in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by either party of any such right or remedy shall preclude other or further exercise thereof.

10. Severability. If any provision of this Agreement or the application of any such provision to any person or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, or any part thereof, is held to be invalid or unenforceable because of the

scope or duration of or the area covered by such provision, the parties agree that the court making such determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced. The parties recognize that if, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants contained in this Agreement, then that invalid or unenforceable covenant contained in this Agreement shall be deemed eliminated from these provisions to the extent necessary to permit the remaining separate covenants to be enforced. In the event that any court determines that the time period or the area, or both, are unreasonable and that any of the covenants is to that extent invalid or unenforceable, the parties agree that such covenants will remain in full force and effect, first, for the greatest time period, and second, in the greatest geographical area that would not render them unenforceable.

11. Survivability. The provisions of this Agreement which by their terms call for performance subsequent to termination of Executive's employment hereunder, or of this Agreement, shall so survive such termination, whether or not such provisions expressly state that they shall so survive.

12. Governing Law; Arbitration.

(a) *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions.

(b) *Arbitration*.

(i) Executive and the Company agree that, except for claims for workers' compensation, unemployment compensation, and any other claim that is non-arbitrable under applicable law, final and binding arbitration shall be the exclusive forum for any dispute or controversy between them, including disputes arising under or in connection with this Agreement, Executive's employment, and/or termination of employment, with the Company; provided, however, that the Company shall be entitled to commence an action in any court of competent jurisdiction for injunctive relief in connection with any alleged actual or threatened violation of any provision of Section 5. For purposes of entering judgment on an arbitrators award or seeking injunctive relief with regard to Section 5, the Company and Executive hereby consent to the exclusive personal jurisdiction in the state and federal courts located in Las Vegas, Nevada; provided that damages for any alleged violation of Section 5, as well as any claim, counterclaim or cross-claim brought by Executive or any third-party in response to, or in connection with any court action commenced by the Company seeking said injunctive relief shall remain exclusively subject to final and binding arbitration as provided for herein. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which either may now or hereafter have to such jurisdiction, venue and any defense of inconvenient forum. Thus, except for the claims carved out above, this Agreement includes all common-law and statutory claims (whether arising under federal state or local law), including any claim for breach of contract, fraud, fraud in the inducement, unpaid wages, wrongful termination, and gender, age, national origin, sexual orientation, marital status, disability, or any other protected status.

(ii) Any arbitration under this Agreement shall be filed exclusively with, and administered by, the American Arbitration Association in Las Vegas, Nevada before three arbitrators, in accordance with the National Rules for the Resolution of Employment Disputes of the American

Arbitration Association in effect at the time of submission to arbitration. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Company shall pay all costs uniquely attributable to arbitration, including the administrative fees and costs of the arbitrators. Each party shall pay that party's own costs and attorney fees, if any, unless the arbitrators rule otherwise. Executive understands that Executive is giving up no substantive rights, and this Agreement simply governs forum. The arbitrators shall apply the same standards a court would apply to award any damages, attorney fees or costs. Executive shall not be required to pay any fee or cost that Executive would not otherwise be required to pay in a court action, unless so ordered by the arbitrators.

EXECUTIVE INITIALS: DBA COMPANY INITIALS: SW

(c) *WAIVER OF JURY TRIAL*. BY SIGNING THIS AGREEMENT, EXECUTIVE AND THE COMPANY ACKNOWLEDGE THAT THE RIGHT TO A COURT TRIAL AND TRIAL BY JURY IS OF VALUE, AND KNOWINGLY AND VOLUNTARILY WAIVE THAT RIGHT FOR ANY DISPUTE SUBJECT TO THE TERMS OF THIS ARBITRATION PROVISION.

13. Titles and Captions. All paragraph titles or captions in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any provision hereof.

14. Joint Drafting. In recognition of the fact that the parties had an equal opportunity to negotiate the language of, and draft, this Agreement, the parties acknowledge and agree that there is no single drafter of this Agreement and, therefore, the general rule that ambiguities are to be construed against the drafter is, and shall be, inapplicable. If any language in this Agreement is found or claimed to be ambiguous, each party shall have the same opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language without any inference or presumption being drawn against any party hereto.

15. Notices. All notices and other communications to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by certified mail or by a recognized national courier service, postage or charges prepaid, (a) to Scientific Games Corporation, Attn: Legal Department, 6601 Bermuda Rd., Las Vegas, NV 89119, (b) to Executive, at the last address shown in the Company's records, with copy to his counsel (which shall not constitute notice), at Outten & Golden LLP, Attn: Wendi S. Lazar, Esq., 685 Third Avenue, 25th Floor, New York, NY 10065, or (c) to such other replacement address as may be designated in writing by the addressee to the addressor.

16. Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," unless the context otherwise indicates. When a reference in this Agreement is made to a "party" or "parties," such reference shall be to a party or parties to this Agreement unless otherwise indicated or the context requires otherwise. Unless the context requires otherwise, the terms "hereof," "herein," "hereby," "hereto", "hereunder" and derivative or similar words in this Agreement refer to this entire Agreement. Unless the context requires otherwise, words in this Agreement using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders. References in this Agreement to "dollars" or "$" are to U.S. dollars. When a reference is made in this Agreement to a law, statute or legislation, such reference shall be to such law, statute

or legislation as it may be amended, modified, extended or re-enacted from time to time (including any successor law, statute or legislation) and shall include any regulations promulgated thereunder from time to time. The headings used herein are for reference only and shall not affect the construction of this Agreement.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date above written.

SCIENTIFIC GAMES CORPORATION

By: /s/Shawn Williams

EXECUTIVE

/s/Doug Albregts
Doug Albregts

Exhibit A

Sign-On Award Agreement

See attached.

Exhibit B

Inventions

Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement is made as of May 14, 2018 (the "Effective Date") by and between Scientific Games Corporation, a Nevada corporation (the "Company"), and Derik Mooberry ("Executive").

WHEREAS, the Company and Executive are parties to an employment agreement dated January 5, 2015 (the "Previous Employment Agreement").

WHEREAS, the Previous Employment Agreement expired on December 31, 2017.

WHEREAS, the Company and Executive wish to enter into this Amended and Restated Employment Agreement (this "Agreement") setting forth terms and conditions of Executive's continued employment.

NOW, THEREFORE, in consideration of the premises and mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company and Executive, the parties agree as follows.

1. Employment; Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, in accordance with and subject to the terms and conditions set forth in this Agreement. This term of employment of Executive under this Agreement (the "Term") shall be the period commencing on the Effective Date and ending on December 31, 2019, as may be extended in accordance with this Section 1 and subject to earlier termination in accordance with Section 4. The Term may be extended upon the written agreement of the parties.

2. Position and Duties. During the Term, and subject to the remaining provisions of this Section 2, Executive will serve as Executive Vice President and Group Chief Executive, Gaming (or such other title, functions, duties and responsibilities as are determined by the Company, in its sole discretion, pursuant to this Section 2) of the Company and as an officer or director of any subsidiary or affiliate of the Company if elected or appointed to such positions, as applicable, during the Term. At such time that Executive's successor begins employment with the Company, Executive's title will be changed to Executive Vice President, Strategic Projects. In such capacities, Executive shall perform such duties and shall have such responsibilities as may be assigned to Executive from time to time by the Company. The Company reserves the right to change Executive's title, functions, duties and responsibilities in its sole discretion. Executive hereby agrees to accept such employment and to serve the Company and its subsidiaries and affiliates to the best of Executive's ability in such capacities, devoting all of Executive's business time to such employment.

3. Compensation.

(a) *Base Salary*. During the Term, Executive will receive a base salary of five hundred and fifty thousand U.S. dollars (US$550,000.00) per annum (pro-rated for any partial year), payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive. In the event that the Company, in its sole discretion, from time to time determines to increase Executive's base salary, such increased amount shall, from and after the effective date of such increase, constitute the "base salary" of Executive for purposes of this Agreement.

(b) *Eligibility for Incentive Compensation*. Executive shall have the opportunity to earn incentive compensation ("Incentive Compensation") in amounts determined by the Compensation Committee of the Board (the "Compensation Committee") in its sole discretion in accordance with the applicable incentive compensation plan of the Company as in effect from time to time (the "Incentive Compensation Plan"). Under such Incentive Compensation Plan, Executive shall have the opportunity to earn Incentive Compensation on the terms and subject to the conditions of such Incentive Compensation Plan (any such Incentive Compensation to be subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive).

(c) *Expense Reimbursement*. Subject to Section 3(e), during the Term the Company shall reimburse Executive for all reasonable and necessary travel and other business expenses incurred by Executive in connection with the performance of Executive's duties under this Agreement, on a timely basis upon timely submission by Executive of vouchers therefor in accordance with the Company's standard policies and procedures.

(d) *Employee Benefits*. During the Term, Executive shall be entitled to participate, without discrimination or duplication, in any and all medical insurance, group health, disability, life insurance, accidental death and dismemberment insurance, 401(k) or other retirement, deferred compensation, stock ownership and such other plans and programs which are made generally available by the Company to similarly situated executives of the Company in accordance with the terms of such plans and programs and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such plan or program. Executive shall be entitled to paid time off, holidays and any other time off in accordance with the Company's policies in effect from time to time.

(e) *Taxes and Internal Revenue Code 409A*. Payment of all compensation and benefits to Executive under this Agreement shall be subject to all legally required and customary withholdings. The Company makes no representations or warranties and shall have no responsibility regarding the tax implications of the compensation and benefits to be paid to Executive under this Agreement, including under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable administrative guidance and regulations ("Section 409A"). Section 409A governs plans and arrangements that provide "nonqualified deferred compensation" (as defined under the Code) which may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to pay compensation and provide benefits under this Agreement (including under Section 3 and Section 4) in amounts, at times and in a manner that minimizes taxes, interest or penalties as a result of Section 409A. In addition, in the event any benefits or amounts paid to Executive hereunder are deemed to be subject to Section 409A, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its reasonable discretion, to comply with Section 409A (including delaying payment until six (6) months following termination of employment). To the extent any payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits may be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payments or other benefits shall be restructured, to the extent permissible under Section 409A, in a manner determined by the Company that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute deferred compensation under Section 409A, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A.

4. Termination of Employment. Executive's employment may be terminated at any time prior to the end of the Term under the terms described in this Section 4, and the Term shall automatically terminate upon any termination of Executive's employment. For purposes of clarification, except as provided in Sections 4(e), 4(f) and 5.6, all stock options, restricted stock units and other equity-based awards will be governed by the terms of the plans, grant agreements and programs under which such options, restricted stock units or other awards were granted on any termination of the Term and Executive's employment with the Company.

(a) *Termination by Executive for Other than Good Reason*. Executive may terminate Executive's employment hereunder for any reason or no reason upon 60 days' prior written notice to the Company referring to this Section 4(a); provided, however, that a termination by Executive for "Good Reason" (as defined below) shall not constitute a termination by Executive for other than Good Reason pursuant to this Section 4(a). In the event Executive terminates Executive's employment for other than Good Reason, Executive shall be entitled only to the following compensation and benefits (the payments set forth in Sections 4(a)(i) – 4(a)(iii), collectively, the "Standard Termination Payments"):

(i) any accrued but unpaid base salary for services rendered by Executive to the date of such termination, payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive;

(ii) any vested non-forfeitable amounts owing or accrued at the date of such termination under benefit plans, programs and arrangements set forth or referred to in Section 3(d) in which Executive participated during the Term (which will be paid under the terms and conditions of such plans, programs, and arrangements (and agreements and documents thereunder)); and

(iii) reasonable business expenses and disbursements incurred by Executive prior to such termination will be reimbursed in accordance with Section 3(c).

(b) *Termination By Reason of Death*. If Executive dies during the Term, the last beneficiary designated by Executive by written notice to the Company (or, in the absence of such designation, Executive's estate) shall be entitled only to the Standard Termination Payments, including any benefits that may be payable under any life insurance benefit of Executive for which the Company pays premiums, in accordance with the terms of any such benefit and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such benefit.

(c) *Termination By Reason of Total Disability*. The Company may terminate Executive's employment in the event of Executive's "Total Disability." For purposes of this Agreement, "Total Disability" shall mean Executive's (1) becoming eligible to receive benefits under any long-term disability insurance program of the Company or (2) failure to perform the duties and responsibilities contemplated under this Agreement for a period of more than 180 days during any consecutive 12-month period due to physical or mental incapacity or impairment. In the event that Executive's employment is terminated by the Company by reason of Total Disability, Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments; provided, however, that the Executive may separately be entitled to disability payments pursuant to a disability plan sponsored or maintained by the Company or any of its affiliates providing benefits to Executive.

(d) *Termination by the Company for Cause*. The Company may terminate the employment of Executive at any time for "Cause." For purposes of this Agreement, "Cause" shall mean:

(i) gross neglect by Executive of Executive's duties hereunder; (ii) Executive's indictment for or conviction of a felony, or any non-felony crime or offense involving the property of the Company or any of its subsidiaries or affiliates or evidencing moral turpitude; (iii) willful misconduct by Executive in connection with the performance of Executive's duties hereunder; (iv) intentional breach by Executive of any material provision of this Agreement; (v) material violation by Executive of a material provision of the Company's Code of Business Conduct; or (vi) any other willful or grossly negligent conduct of Executive that would make the continued employment of Executive by the Company materially prejudicial to the best interests of the Company. In the event Executive's employment is terminated for "Cause," Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments.

(e) *Termination by the Company without Cause or by Executive for Good Reason*. The Company may terminate Executive's employment at any time without Cause, for any reason or no reason, and Executive may terminate Executive's employment for "Good Reason." For purposes of this Agreement "Good Reason" shall mean that, without Executive's prior written consent, any of the following shall have occurred: (A) a material decrease in base salary provided under this Agreement; or (B) any other material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of, this Agreement; provided, however, that a termination by Executive for Good Reason under any of clauses (A) or (B) of this Section 4(e) shall not be considered effective unless Executive shall have provided the Company with written notice of the specific reasons for such termination within thirty (30) days after Executive has knowledge of the event or circumstance constituting Good Reason and the Company shall have failed to cure the event or condition allegedly constituting Good Reason within thirty (30) days after such notice has been given to the Company and Executive actually terminates his employment within one (1) year following the initial occurrence of the event giving rise to Good Reason. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason (and not, for the avoidance of doubt, in the event of a termination pursuant to Section 4(a), (b), (c) or (d) or due to or upon the expiration of the Term), the Company shall pay or provide the following amounts to Executive:

(i) the Standard Termination Payments;

(ii) an amount equal to the sum of (A) Executive's annual base salary and (B) an amount equal to the highest annual Incentive Compensation paid to Executive in respect of the two (2) most recent fiscal years of the Company but in no event more than 75% of Executive's base salary (such amount under this sub-clause (B), the "Severance Bonus Amount"), such amount under this clause (ii) payable in equal installments in accordance with the Company's normal payroll practices over a period of 12 months after such termination, and otherwise in accordance with Section 4(g);

(iii) no later than March 15 following the end of the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs;

(iv) if Executive elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of twelve (12) months has elapsed; or

(B) Executive is eligible for medical coverage under a plan provided by a new employer; and

(v) subject to Section 4(k) and Section 5.6, upon the effectiveness of the release referred to in Section 4(k) (x) any then unvested solely time based stock options or restricted stock units held by Executive immediately prior to such termination shall become fully vested with any options ceasing to be exercisable three (3) months after such termination (or, if earlier, the scheduled expiration date) and the restricted stock units shall be settled as soon as practicable, but no earlier than the earliest time permitted without the imposition of any additional taxes or penalties under Section 409A of the Code and (y) the service element of any performance based equity award shall be deemed satisfied with the award remaining subject to all other requirements thereof, including performance criteria (it being understood and agreed, for the avoidance of doubt, that such awards will immediately be forfeited to the extent contemplated by the terms of such awards in the event that such performance criteria are determined not to have been satisfied). All awards will remain subject to any forfeiture and claw back provisions of the applicable award and this Agreement and, furthermore, in the event that there is a breach of Section 5 hereof, in addition to the remedies in Section 5.6 hereof, upon demand the Executive shall promptly pay over to the Company the full value upon vesting of any equity that vested pursuant to (x) or had the service requirements deemed satisfied pursuant to (y) above and thereafter vested upon satisfaction of the performance criteria.

(f) *Expiration of Term of Agreement.* In the event Executive's employment is terminated by the Company at the end of the Term, the Company shall pay or provide the following amounts to Executive:

(i) the Standard Termination Payments;

(ii) an amount equal to the sum of (A) Executive's annual base salary and (B) the Severance Bonus Amount (as defined in Section 4(e)(ii)), such amount under this clause (ii) payable in equal installments in accordance with the Company's normal payroll practices over a period of 12 months after such termination, and otherwise in accordance with Section 4(g);

(iii) no later than March 15 following the end of the year in which such termination occurs, payment of an amount equal to the Incentive Compensation for the year in which such termination occurs;

(iv) if Executive elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of twelve (12) months has elapsed; or (B) Executive is eligible for medical coverage under a plan provided by a new employer; and

(v) subject to Section 4(k) and Section 5.6, upon the effectiveness of the release referred to in Section 4(k) (x) any then unvested solely time based stock options or restricted stock units held by Executive immediately prior to such termination shall become fully vested with any options ceasing to be exercisable three (3) months after such termination (or, if earlier, the scheduled expiration date) and the restricted stock units shall be settled as

soon as practicable, but no earlier than the earliest time permitted without the imposition of any additional taxes or penalties under Section 409A of the Code and (y) the service element of any performance based equity award shall be deemed satisfied with the award remaining subject to all other requirements thereof, including performance criteria (it being understood and agreed, for the avoidance of doubt, that such awards will immediately be forfeited to the extent contemplated by the terms of such awards in the event that such performance criteria are determined not to have been satisfied). All awards will remain subject to any forfeiture and claw back provisions of the applicable award and this Agreement and, furthermore, in the event that there is a breach of Section 5 hereof, in addition to the remedies in Section 5.6 hereof, upon demand the Executive shall promptly pay over to the Company the full value upon vesting of any equity that vested pursuant to (x) or had the service requirements deemed satisfied pursuant to (y) above and thereafter vested upon satisfaction of the performance criteria.

(g) *Timing of Certain Payments under Section 4*. For purposes of Section 409A, references herein to the Executive's "termination of employment" shall refer to Executive's separation of services with the Company within the meaning of Treas. Reg. Section 1.409A-1(h). If at the time of Executive's separation of service with the Company other than as a result of Executive's death, (i) Executive is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code), (ii) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, and (iii) the deferral of the commencement of any such payments or benefits otherwise payable hereunder as a result of such separation of service is necessary in order to prevent any accelerated or additional tax under Section 409A, such payments may be made as follows: (i) no payments for a six-month period following the date of Executive's separation of service with the Company; (ii) an amount equal to the aggregate sum that would have been otherwise payable during the initial six-month period paid in a lump sum on the first payroll date following six (6) months following the date of Executive's separation of service with the Company (subject to such deductions or amounts to be withheld as required by applicable law and regulations); and (iii) during the period beginning six (6) months following Executive's separation of service with the Company through the remainder of the applicable period, payment of the remaining amount due in equal installments in accordance with the Company's standard payroll practices (subject to such deductions or amounts to be withheld as required by applicable law and regulations).

(h) *Mitigation*. In the event the Executive's employment is terminated in accordance with Section 4(e) or (f) and Executive is employed by or otherwise engaged to provide services to another person or entity at any time prior to the end of any period of payments to or on behalf of Executive contemplated by this Section 4, Executive shall immediately advise the Company of such employment or engagement and his compensation therefor and the Company's obligation to make payments pursuant to Section 4(e) or (f) shall be reduced by any base compensation payable to Executive during the applicable period through such other employment or engagement.

(i) *Set-Off*. To the fullest extent permitted by law and provided an acceleration of income or the imposition of an additional tax under Section 409A would not result, any amounts otherwise due to Executive hereunder (including any payments pursuant to this Section 4) shall be subject to set-off with respect to any amounts Executive otherwise owes the Company or any subsidiary or affiliate thereof.

(j) *No Other Benefits or Compensation.* Except as may be specifically provided under this Agreement, under any other effective written agreement between Executive and the Company, or under the terms of any plan or policy applicable to Executive, Executive shall have no right to receive any other

compensation from the Company or any subsidiary or affiliate thereof, or to participate in any other plan, arrangement or benefit provided by the Company or any subsidiary or affiliate thereof, with respect to any future period after such termination or resignation. Executive acknowledges and agrees that Executive is entitled to no compensation or benefits from the Company or any of its subsidiaries or affiliates of any kind or nature whatsoever in respect of periods prior to the date of this Agreement.

(k) *Release of Employment Claims; Compliance with Section 5*. Executive agrees, as a condition to receipt of any termination payments provided for in this Section 4 (other than the Standard Termination Payments), that Executive will execute a general release agreement, in a form reasonably satisfactory to the Company, releasing any and all claims arising out of Executive's employment and the termination of such employment. The Company shall provide Executive with the proposed form of general release agreement referred to in the immediately preceding sentence no later than five (5) days following the date of termination. Executive shall thereupon have at least 21 days to consider such general release agreement and, if Executive executes such general release agreement, shall have seven (7) days after execution of such general release agreement to revoke such general release agreement. Absent such revocation, such general release agreement shall become binding on Executive. If Executive does not revoke such general release agreement, payments contingent on such general release agreement shall be paid on the later of the 60th day after the date of termination or the date such payments are otherwise scheduled to be paid pursuant to this Agreement (including pursuant to Section 4(g) hereof). The Company's obligation to make any termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments) shall immediately cease if Executive willfully or materially breaches Section 5.1, 5.2 , 5.3, 5.4, or 5.8.

(l) *Section 280G*. If the aggregate of all amounts and benefits due to the Executive under this Agreement or any other plan, program, agreement or arrangement of the Company or any of its affiliates, which, if received by the Executive in full, would constitute "parachute payments," as such term is defined in and under Section 280G of the Code (collectively, "Change in Control Benefits"), reduced by all Federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive, after all such applicable taxes, if the Executive received aggregate Change in Control Benefits equal to an amount which is $1.00 less than three (3) times the Executive's "base amount," as defined in and determined under Section 280G of the Code, then such Change in Control Benefits shall be reduced or eliminated to the extent necessary so that the Change in Control Benefits received by the Executive will not constitute parachute payments. If a reduction in the Change in Control Benefits is necessary, reduction shall occur in the following order unless the Executive elects in writing a different order, subject to the Company's consent (which shall not be unreasonably withheld or delayed): (i) severance payment based on multiple of base salary and/or Target Bonus; (ii) other cash payments; (iii) any pro-rated bonus paid as severance; (iv) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (v) any equity awards accelerated or otherwise valued at full value, provided such equity awards are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vi) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vii) acceleration of vesting of all other stock options and equity awards; and (viii) within any category, reductions shall be from the last due payment to the first.

It is possible that after the determinations and selections made pursuant to the preceding paragraph that the Executive will receive Change in Control Benefits that are, in the aggregate, either more or less than the amounts contemplated by the preceding paragraph (hereafter referred to as an "Excess

Payment" or "Underpayment," respectively). If there is an Excess Payment, the Executive shall promptly repay the Company an amount consistent with this paragraph. If there is an Underpayment, the Company shall pay the Executive an amount consistent with this paragraph.

5. Noncompetition; Non-solicitation; Nondisclosure; etc.

5.1 Noncompetition; Non-solicitation.

(a) Executive acknowledges the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information renders Executive special and unique within the Company's industries. In addition to the protection of confidential records and proprietary information covered in Section 5.2, the provisions set forth in this Section 5.1 are necessary in order to protect the goodwill of the Company and the relationships developed by the Company with employees, customers and suppliers. In consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that during the Term (including any extensions thereof) and during the Covered Time (as defined in Section 5.1(e)), Executive, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 5, "Competing Business" shall mean any business or operations: (i) (A) involving the design, development, manufacture, production, sale, lease, license, provision, operation or management (as the case may be) of (1) instant lottery tickets or games or any related marketing, warehouse, distribution, category management or other services or programs; (2) lottery-related terminals or vending machines (whether clerk-operated, self-service or otherwise), (3) gaming machines, terminals or devices (including video or reel spinning slot machines, video poker machines, video lottery terminals and fixed odds betting terminals), (4) lottery, video gaming (including server-based gaming), sports betting or other wagering or gaming systems, regardless of whether such systems are land-based, internet-based or mobile (including control and monitoring systems, local or wide-area progressive systems and redemption systems); (5) lottery-, real money gaming- or social gaming-related proprietary or licensed content (including themes, entertainment and brands), platforms, websites and loyalty and customer relationship management programs regardless of whether any of the foregoing are land-based, internet-based or mobile-based; (6) social casino games or websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies) featuring social casino games or any related marketing, distribution, or other services or programs; (7) interactive casino gaming products or services, including interactive casino-game themed games and platforms for websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies); (8) gaming utility products (including shufflers, card-reading shoes, deck checkers and roulette chip sorters), table games (including live, simulated, online, social gaming, interactive and electronic) and related products and services; (9) slot accounting, casino management, casino marketing, player tracking, lottery, video lottery, bingo or similar gaming- or casino-related systems and related peripheral hardware, software and services; (10) prepaid cellular or other phone cards; or (11) ancillary products (including equipment, hardware, software, marketing materials, chairs and signage) or services (including field service, maintenance and support) related to any of the foregoing under sub-clauses (1) through (10) above; or (B) in which the Company is then or was within the previous 12 months engaged, or in which the Company, to Executive's knowledge, contemplates to engage in during the Term or the Covered Time; (ii) in which Executive was engaged or involved (whether in an executive or supervisory capacity or otherwise) on behalf of the Company or with respect to which Executive has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by the Company. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

(b) In further consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that, during the Term (including any extensions thereof) and during the Covered Time, Executive shall not, directly or indirectly: (i) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to terminate his, her, or its relationship with the Company; (ii) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to become employees, agents, consultants or representatives of any other person or entity; or (iii) solicit or attempt to induce any customer, vendor or distributor of the Company to curtail or cancel any business with the Company; or (iv) hire any person who, to Executive's actual knowledge, is, or was within 180 days prior to such hiring, an employee of the Company. Sections (i) and (ii) are limited to employees, agents, consultants and representatives with whom Executive had material contact for the purpose of performing Executive's job duties or about whom Executive obtained confidential information during Executive's employment. Section (iii) is limited to customers, vendors and distributors with whom Executive had material contact for the purpose of performing his job duties, or about whom Executive obtained confidential information during his employment.

(c) During the Term (including any extensions thereof) and during the Covered Time, Executive agrees that upon the earlier of Executive's (i) negotiating with any Competitor (as defined below) concerning the possible employment of Executive by the Competitor, (ii) responding to (other than for the purpose of declining) an offer of employment from a Competitor, or (iii) becoming employed by a Competitor, (A) Executive will provide copies of Section 5 of this Agreement to the Competitor, and (B) in the case of any circumstance described in (iii) above occurring during the Covered Time, and in the case of any circumstance described in (i) or (ii) above occurring during the Term or during the Covered Time, Executive will promptly provide notice to the Company of such circumstances. Executive further agrees that the Company may provide notice to a Competitor of Executive's obligations under this Agreement. For purposes of this Agreement, "Competitor" shall mean any person or entity (other than the Company, its subsidiaries or affiliates) that engages, directly or indirectly, in the United States or any other geographic area in any Competing Business.

(d) Executive understands that the restrictions in this Section 5.1 may limit Executive's ability to earn a livelihood in a business similar to the business of the Company but nevertheless agrees and acknowledges that the consideration provided under this Agreement (including Sections 3 and 4) is sufficient to justify such restrictions. In consideration thereof and in light of Executive's education, skills and abilities, Executive agrees that Executive will not assert in any forum that such restrictions prevent Executive from earning a living or otherwise should be held void or unenforceable.

(e) For purposes of this Section 5.1, "Covered Time" shall mean the period beginning on the date of termination of Executive's employment and ending twenty-four (24) months thereafter.

(f) In the event that a court of competent jurisdiction or arbitrator(s), as the case may be, determine that the provisions of this Section 5.1 are unenforceable for any reason, the parties acknowledge and agree that the court or arbitrator(s) is expressly empowered to reform any provision of this Section so as to make them enforceable as described in Section 10 below.

5.2 *Proprietary Information; Inventions.*

(a) Executive acknowledges that, during the course of Executive's employment with the Company, Executive necessarily will have (and during any employment by, or affiliation with, the Company prior to the Term has had) access to and make use of proprietary information and confidential records of the Company. Executive covenants that Executive shall not during the Term or at any time

thereafter, directly or indirectly, use for Executive's own purpose or for the benefit of any person or entity other than the Company, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by the Company; (ii) the name and/or address of any customer or vendor of the Company or any information concerning the transactions or relations of any customer or vendor of the Company with the Company; (iii) any information concerning any product, technology, or procedure employed by the Company but not generally known to its customers or vendors or competitors, or under development by or being tested by the Company but not at the time offered generally to customers or vendors; (iv) any information relating to the Company's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by the Company; (vi) any information that, to Executive's actual knowledge, the Company ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of the Company's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which the Company, to Executive's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Executive acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public, information that becomes available to Executive on an unrestricted, non-confidential basis from a source other than the Company or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Executive has knowledge, after reasonable inquiry, at the time of the relevant disclosure by Executive), or general lottery, land-based gaming, interactive gaming or social gaming industry information to the extent not particularly related or proprietary to the Company that was already known to Executive at the time Executive commences his employment by the Company that is not subject to nondisclosure by virtue of Executive's prior employment or otherwise. Notwithstanding the foregoing and Section 5.3, Executive may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in the performance of his duties as a director or employee of the Company, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order him to divulge, disclose or make accessible such information (provided that in such case Executive shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by the Company to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without his violation of this Agreement, or (D) disclosed to Executive's spouse, attorney and/or his personal tax and financial advisors to the extent reasonably necessary to advance Executive's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 5.2 or Section 5.3 by Executive.

(a) Executive agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by Executive during the Term (and during any employment by, or affiliation with, the Company prior to the Term) shall belong to the Company, provided that such Inventions grew out of Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials.

Executive shall further: (i) promptly disclose such Inventions to the Company; (ii) assign to the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Executive's inventorship. If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by Executive within two (2) years after the termination of Executive's employment with the Company, it is to be presumed that the Invention was conceived or made during the Term. Executive agrees that Executive will not assert any rights to any Invention as having been made or acquired by Executive prior to the date of this Agreement, except for Inventions, if any, disclosed in Exhibit A to this Agreement.

5.3 *Confidentiality and Surrender of Records*. Executive shall not, during the Term or at any time thereafter (irrespective of the circumstances under which Executive's employment by the Company terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by the Company, nor shall Executive retain, and will deliver promptly to the Company, any of the same following termination of Executive's employment hereunder for any reason or upon request by the Company. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Executive's possession or under Executive's control or accessible to Executive which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during the Term and thereafter.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i). Executive understands that activities protected by Sections 5.2 and 5.3 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Executive acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under Federal or State trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

5.4 *Non-disparagement*. Executive shall not, during the Term and thereafter, disparage in any material respect the Company, any affiliate of the Company, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from making truthful statements that are required by applicable law, regulation or legal process.

5.5 *No Other Obligations*. Executive represents that Executive is not precluded or limited in Executive's ability to undertake or perform the duties described herein by any contract, agreement or restrictive covenant. Executive covenants that Executive shall not employ the trade secrets or proprietary information of any other person in connection with Executive's employment by the Company without such person's authorization.

5.6 *Forfeiture of Outstanding Equity Awards; "Clawback" Policies*. The other provisions of this Agreement notwithstanding, if Executive willfully and materially fails to comply with Section 5.1, 5.2, 5.3, 5.4, or 5.8, all options to purchase common stock, restricted stock units and other equity-based awards granted by the Company or any of its affiliates (whether prior to, contemporaneous with, or subsequent to the date hereof) and held by Executive or a transferee of Executive shall be immediately forfeited and cancelled. Executive acknowledges and agrees that, notwithstanding anything contained in this Agreement or any other agreement, plan or program, any incentive-based compensation or benefits contemplated under this Agreement (including Incentive Compensation and equity-based awards) shall be subject to recovery by the Company under any compensation recovery or "clawback" policy, generally applicable to executives of the Company, that the Company may adopt from time to time, including any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

5.7 *Enforcement*. Executive acknowledges and agrees that, by virtue of Executive's position, services and access to and use of confidential records and proprietary information, any violation by Executive of any of the undertakings contained in this Section 5 would cause the Company immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Executive agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Section 5. Executive waives posting of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5 are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

5.8 *Cooperation with Regard to Litigation*. Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by being available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative. In addition, except to the extent that Executive has or intends to assert in good faith an interest or position adverse to or inconsistent with the interest or position of the Company, Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), to assist the Company in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, in each case, as reasonably requested by the Company. The Company agrees to pay (or reimburse, if already paid by Executive) all reasonable travel and communication expenses actually incurred in connection with Executive's cooperation and assistance.

5.9 *Survival*. The provisions of this Section 5 shall survive the termination of the Term and any termination or expiration of this Agreement.

5.10 *Company*. For purposes of this Section 5, references to the "Company" shall include the Company and each subsidiary and/or affiliate of the Company (and each of their respective joint ventures and equity method investees).

6. Code of Conduct. Executive acknowledges that Executive has read the Company's Code of Business Conduct and agrees to abide by such Code of Business Conduct, as amended or supplemented from time to time, and other policies applicable to employees and executives of the Company.

7. Indemnification. The Company shall indemnify Executive to the full extent permitted under the Company's Certificate of Incorporation or By-Laws and pursuant to any other agreements or policies in effect from time to time in connection with any action, suit or proceeding to which Executive may be made a party by reason of Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company.

8. Assignability; Binding Effect. Neither this Agreement nor the rights or obligations hereunder of the parties shall be transferable or assignable by Executive, except in accordance with the laws of descent and distribution and as specified below. The Company may assign this Agreement and the Company's rights and obligations hereunder to any affiliate of the Company, provided that upon any such assignment the Company shall remain liable for the obligations to Executive hereunder. This Agreement shall be binding upon and inure to the benefit of Executive, Executive's heirs, executors, administrators, and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

9. Complete Understanding; Amendment; Waiver. This Agreement constitutes the complete understanding between the parties with respect to the employment of Executive and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including superseding any entitlements to benefits or payments pursuant to any severance plan, policy, practice or arrangement maintained by the Company or any affiliate thereof as of the Effective Date, and no statement, representation, warranty or covenant has been made by either party with respect thereto except as expressly set forth herein. Executive's Previous Employment Agreement shall terminate and be of no further force or effect as of the Effective Date. Except as contemplated by Sections 3(e), 5.1(f) and 10, this Agreement shall not be modified, amended or terminated except by a written instrument signed by each of the parties. Any waiver of any term or provision hereof, or of the application of any such term or provision to any circumstances, shall be in writing signed by the party charged with giving such waiver. Waiver by either party of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived. No delay by either party in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by either party of any such right or remedy shall preclude other or further exercise thereof.

10. Severability. If any provision of this Agreement or the application of any such provision to any person or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, or any part thereof, is held to be invalid or unenforceable because of the scope or duration of or the area covered by such provision, the parties agree that the court making such

determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced. The parties recognize that if, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants contained in this Agreement, then that invalid or unenforceable covenant contained in this Agreement shall be deemed eliminated from these provisions to the extent necessary to permit the remaining separate covenants to be enforced. In the event that any court determines that the time period or the area, or both, are unreasonable and that any of the covenants is to that extent invalid or unenforceable, the parties agree that such covenants will remain in full force and effect, first, for the greatest time period, and second, in the greatest geographical area that would not render them unenforceable.

11. Survivability. The provisions of this Agreement which by their terms call for performance subsequent to termination of Executive's employment hereunder, or of this Agreement, shall so survive such termination, whether or not such provisions expressly state that they shall so survive.

12. Governing Law; Arbitration.

(a) *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions.

(b) *Arbitration*.

(i) Executive and the Company agree that, except for claims for workers' compensation, unemployment compensation, and any other claim that is non-arbitrable under applicable law, final and binding arbitration shall be the exclusive forum for any dispute or controversy between them, including disputes arising under or in connection with this Agreement, Executive's employment, and/or termination of employment, with the Company; provided, however, that the Company shall be entitled to commence an action in any court of competent jurisdiction for injunctive relief in connection with any alleged actual or threatened violation of any provision of Section 5. For purposes of entering judgment on an arbitrators award or seeking injunctive relief with regard to Section 5, the Company and Executive hereby consent to the exclusive personal jurisdiction in the state and federal courts located in Las Vegas, Nevada; provided that damages for any alleged violation of Section 5, as well as any claim, counterclaim or cross-claim brought by Executive or any third-party in response to, or in connection with any court action commenced by the Company seeking said injunctive relief shall remain exclusively subject to final and binding arbitration as provided for herein. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which either may now or hereafter have to such jurisdiction, venue and any defense of inconvenient forum. Thus, except for the claims carved out above, this Agreement includes all common-law and statutory claims (whether arising under federal state or local law), including any claim for breach of contract, fraud, fraud in the inducement, unpaid wages, wrongful termination, and gender, age, national origin, sexual orientation, marital status, disability, or any other protected status.

(ii) Any arbitration under this Agreement shall be filed exclusively with, and administered by, the American Arbitration Association in Las Vegas, Nevada before three arbitrators, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. The Company and Executive

hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Company shall pay all costs uniquely attributable to arbitration, including the administrative fees and costs of the arbitrators. Each party shall pay that party's own costs and attorney fees, if any, unless the arbitrators rule otherwise. Executive understands that Executive is giving up no substantive rights, and this Agreement simply governs forum. The arbitrators shall apply the same standards a court would apply to award any damages, attorney fees or costs. Executive shall not be required to pay any fee or cost that Executive would not otherwise be required to pay in a court action, unless so ordered by the arbitrators.

EXECUTIVE INITIALS: DM COMPANY INITIALS: SW

(c) *WAIVER OF JURY TRIAL*. BY SIGNING THIS AGREEMENT, EXECUTIVE AND THE COMPANY ACKNOWLEDGE THAT THE RIGHT TO A COURT TRIAL AND TRIAL BY JURY IS OF VALUE, AND KNOWINGLY AND VOLUNTARILY WAIVE THAT RIGHT FOR ANY DISPUTE SUBJECT TO THE TERMS OF THIS ARBITRATION PROVISION.

13. Titles and Captions. All paragraph titles or captions in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any provision hereof.

14. Joint Drafting. In recognition of the fact that the parties had an equal opportunity to negotiate the language of, and draft, this Agreement, the parties acknowledge and agree that there is no single drafter of this Agreement and, therefore, the general rule that ambiguities are to be construed against the drafter is, and shall be, inapplicable. If any language in this Agreement is found or claimed to be ambiguous, each party shall have the same opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language without any inference or presumption being drawn against any party hereto.

15. Notices. All notices and other communications to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by certified mail or by a recognized national courier service, postage or charges prepaid, (a) to Scientific Games Corporation, Attn: Legal Department, 6601 Bermuda, Las Vegas, NV 89119, (b) to Executive, at the last address shown in the Company's records, or (c) to such other replacement address as may be designated in writing by the addressee to the addressor.

16. Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," unless the context otherwise indicates. When a reference in this Agreement is made to a "party" or "parties," such reference shall be to a party or parties to this Agreement unless otherwise indicated or the context requires otherwise. Unless the context requires otherwise, the terms "hereof," "herein," "hereby," "hereto", "hereunder" and derivative or similar words in this Agreement refer to this entire Agreement. Unless the context requires otherwise, words in this Agreement using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders. References in this Agreement to "dollars" or "$" are to U.S. dollars. When a reference is made in this Agreement to a law, statute or legislation, such reference shall be to such law, statute or legislation as it may be amended, modified, extended or re-enacted from time to time (including any successor law, statute or legislation) and shall include any regulations promulgated thereunder from time to time. The headings used herein are for reference only and shall not affect the construction of this Agreement.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date above written.

SCIENTIFIC GAMES CORPORATION

By: /s/Shawn Williams

EXECUTIVE

/s/Derik Mooberry
Derik Mooberry

Exhibit A

Inventions

None.

AGREEMENT AND GENERAL RELEASE

In consideration of the promises contained herein, Scientific Games Corporation, 6601 Bermuda Road, Las Vegas, NV 89119 (the "Company") and Kevin Sheehan ("you"), agree that:

WHEREAS, you have been employed by the Company since August 4, 2016 pursuant to an employment agreement dated August 4, 2016 (the "Employment Agreement"); and

WHEREAS, you and the Company wish to resolve all matters related to your employment with the Company, on the terms and conditions expressed in this Agreement and General Release ("Agreement").

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties, intending to be legally bound, agree as follows:

1. **Last Day of Employment**. Your last day of employment with the Company is June 1, 2018 (the "Separation Date"). The Employment Agreement will terminate on that date, except that any provisions in the Employment Agreement designed to survive termination will survive. Effective as of the Separation Date, you will resign from the Compliance and Executive and Finance Committees of the Company's Board of Directors (the "Board").

2. **Separation Benefits In Return for Signing**.

1. Separation Benefits. You will receive, to the extent you have not already received, the Standard Termination Payments, as defined in Section 4(a) of the Employment Agreement. In return for your signing this Agreement and complying with the promises made by you in this Agreement and the Employment Agreement, the Company will provide you with the separation benefits other than the Standard Termination Payments (the "Separation Benefits") described in Section 4(e) of the Employment Agreement, subject to Sections 4, 5.6 and the other provisions of the Employment Agreement. You acknowledge and agree that the Separation Benefits are separate from and in addition to what you are already entitled to receive from the Company. Furthermore, if you are rehired by the Company or hired by any affiliate of the Company, all Separation Benefits will terminate as of the commencement date of such employment. In addition to the Separation Benefits, and subject to the same conditions as your receipt of the Separation Benefits, the Company will pay you $50,000 to be used in connection with your relocation from Nevada (the "Relocation Payment"). The Relocation Payment will be paid to you at the same time that the first installment of the Separation Benefits is paid pursuant to the terms of the Employment Agreement.

(b) No Other Benefits. Except as provided in this Agreement, you shall not be entitled to receive any other payment, benefit or other form of compensation as a result of your employment or the termination thereof. *For the avoidance of doubt, except with respect to those equity grants listed on Exhibit A and as provided in Section 4, all equity awards*

granted to you by the Company during your employment, including all restricted stock units and stock options granted to you, that are unvested on the Separation Date are forfeited on the Separation Date.

(c) Tax Withholding. All payments made by the Company to you hereunder shall be subject to all applicable withholding deductions.

3. **No Severance Benefits Unless You Sign this Agreement and Do Not Revoke It**. You understand and agree that you will not receive the Separation Benefits or Relocation Payment specified in Section 2(a) above unless: (a) you sign and return a fully signed copy of this Agreement within the time period specified below and do not revoke or rescind this Agreement within the time period specified below, and (b) you fulfill all of the promises contained herein.

4. **Senior Advisory Role**.

(a) You and the Company agree that, after the Separation Date you will be reasonably available to provide consulting services as described in this Section 4 in consideration for the additional vesting of equity described in this Section 4. Either party may at any time cancel the providing of consulting services by you by written notice to the other. There shall be no required minimum period of consulting services and in signing this Agreement, you acknowledge that you are not relying on any minimum period of consulting. The period from the Separation Date until the date consulting services are terminated by the aforesaid written notice is referred to as the "Consulting Period." During the Consulting Period, you agree to (i) assist in transitioning your duties and responsibilities, (ii) continue to assist on matters reasonably within your knowledge, (iii) make introductions as reasonably requested and (iv) provide advice on such matters as reasonably requested (collectively, the "Services"). In consideration of your providing the Services, and subject to your execution and non-revocation of this Agreement, you will continue to vest in the grant made to you in accordance with Section 3(c)(ii) of your Employment Agreement and the award granted to you in 2018 pursuant to Section 3(c)(i) of your Employment Agreement as if you were an employee during the Consulting Period. For the avoidance of doubt, the continued vesting described in this Section is being provided only in consideration of your providing the Services during the Consulting Period, and you understand and agree that you are not entitled to receive, and will not receive, continued vesting as described herein in respect of your service as a non-employee member of the Board either during or following the termination of the Consulting Period. Notwithstanding anything contained in the Employment Agreement or in any award agreement, any vested stock options you hold as of Separation Date (together with any options that become vested after your Separation Date pursuant to this Section 4(a)) will remain outstanding and exercisable by you for a period of ninety (90) days following the end of the Consulting Period (but in no event later than the expiration date of such stock options), after which date any unexercised stock options will be canceled for no consideration. During the Consulting Period, the Company will also reimburse you for any reasonable costs and expenses approved in advance by the Company and incurred in connection with the performance of the Services, subject to the Company's expense reimbursement policies in effect from time to time.

(b) In no event will you be expected to perform, or will you perform, Services that exceed 20% of the average level of bona fide services that you provided to the Company during your employment with the Company (the intent of the foregoing is that you will have incurred a "separation from service," within the meaning of Section 409A, from the Company on the Separation Date).

(c) You acknowledge and agree that in performing the Services, you are acting solely as an independent contractor and not as an employee, legal representative or agent of the Company or any of its affiliates and that you shall perform the Services under the general direction of the Company's Chief Executive Officer or his designee. Furthermore, nothing herein is intended to, or shall be deemed to constitute a partnership or joint venture between the Company or any of its affiliates, on the one hand, and you, on the other hand. The Company's sole obligation to you with respect to the Services shall be pursuant to this Section 4. You acknowledge and agree that as an independent contractor you alone will be responsible for federal, state, and local taxes, and self-employment taxes, on the fees payable to you during the Consulting Period.

5. **General Release of Claims.** In consideration for the Separation Benefits and Relocation Payment specified in Section 2(a) above, which you acknowledge are not otherwise owed to you, and as an inducement for the Company to entering into the consulting arrangement and provide the benefits described in Section 4, you understand and agree that you are knowingly and voluntarily releasing, waiving and forever discharging, to the fullest extent permitted by law, on your own behalf and on behalf of your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you (collectively referred to as the "Releasors"):

> the Company, and its parents, affiliates, subsidiaries and members, predecessors, successors or assigns, and any of its or their past or present parents, affiliates, subsidiaries and members, predecessors, successors or assigns; and any of its or their past or present shareholders; and any of its or their past or present directors, executives, members, officers, insurers, attorneys, employees, consultants, agents, both individually and in their business capacities, and employee benefits plans and trustees, fiduciaries, and administrators of those plans (collectively referred to as the "Released Parties"),

of and from any and all claims under local, state or federal law, whether known or unknown, asserted and unasserted, that you and/or the other Releasors have or may have against Released Parties as of the day you sign this Agreement, including but not limited to all matters relating to or in any way arising out of any aspect of your employment with the Company, separation from employment with the Company, or your treatment by the Company while in the Company's employ, all claims under any applicable law, and all other claims, charges, complaints, liens, demands, causes of action, obligations, damages (including punitive or exemplary damages), liabilities or the like (including without limitation attorneys' fees and costs) (collectively "Claims"), including but not limited to all Claims for:

(a) salary and other wages, including, but not limited to, overtime if applicable, incentive compensation and other bonuses, severance pay, paid time off or any benefits

under the Employee Retirement Income Security Act of 1974, as amended or any other applicable local, state or federal law;

(b) discrimination, harassment or retaliation based upon race, color, national origin, ancestry, religion, marital status, sex, sexual orientation, citizenship status, pregnancy or any pregnancy related disability, family status, leave of absence (including but not limited to the Family Medical Leave Act or any other federal, state or local leave laws), handicap (including but not limited to The Rehabilitation Act of 1973), medical condition or disability, or any other characteristic covered by law under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, as amended, Sections 1981 through 1988 of the Civil Rights Act of 1866, and any other federal, state, or local law prohibiting discrimination in employment, the Worker Adjustment and Retraining Notification Act, or any other federal, state or local law concerning plant shutdowns, mass layoffs, reductions in force or other business restructuring;

(c) discrimination, harassment or retaliation based upon age under the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act of 1990 and as further amended (the "ADEA"), or under any other federal, state, or local law prohibiting age discrimination;

(d) breach of implied or express contract (whether written or oral), breach of promise, misrepresentation, fraud, estoppel, waiver or breach of any covenant of good faith and fair dealing, including without limitation breach of any express or implied covenants of any employment agreement that may be applicable to you;

(e) defamation, negligence, infliction of emotional distress, violation of public policy, wrongful or constructive discharge, or any employment-related tort recognized under any applicable local, state, or federal law;

(f) any violation of any Fair Employment Practices Act, Equal Rights Act; Civil Rights Act; Minimum Fair Wages Act; Equal Pay Act; or Payment of Wages Act; or any comparable federal, state or local law;

(g) any violation of the Immigration Reform and Control Act, or any comparable federal, state or local law;

(h) any violation of the Fair Credit Reporting Act, or any comparable federal, state or local law;

(i) any violation of the Family and Medical Leave Act;

(j) any violation of the Nevada Fair Employment Practices Act (Nev. Rev. Stat. §613.310 et seq.), any Nevada wage and hour law (Nev. Rev. Stat. §608.016 et seq.), or any comparable federal, state or local law and any violation of any comparable statute, regulation, or law of any country or nation; New York State Human Rights Law, the New York City Administrative Code, the New York Labor Law, the New York Minimum Wage Act, the statutory provisions regarding retaliation/discrimination in the New York Worker's Compensation Law, the New York City Earned Sick Time Act, any other claim of discrimination or retaliation in employment (whether based on federal, state, or local law,

statutory or decisional) that may be lawfully waived by agreement, and any other claim relating to your employment or arising out of your employment, the terms and conditions of such employment, the termination of such employment, and/or any of the events relating directly or indirectly to or surrounding the termination of that employment;

(k) costs, fees, or other expenses, including attorneys' fees; and

(l) any other claim, charge, complaint, lien, demand, cause of action, obligation, damages, liabilities or the like of any kind whatsoever, including, without limitation, any claim that this Agreement was induced or resulted from any fraud or misrepresentation by Company.

Excluded from the release set forth in this Section 5 are: (i) any Claims or rights to enforce this Agreement against the Company, (ii) Claims arising after the date you sign this Agreement, and (iii) any Claims that you cannot lawfully release and (iv) your rights, if any, to indemnification and directors' and officers' liability insurance coverage. Notwithstanding anything to the contrary contained herein, including in Section 6 below, also excluded from the release set forth in this Section 5 is your right to file a charge with an administrative agency (including the Equal Employment Opportunity Commission and the National Labor Relations Board) or participate in any agency investigation. You are, however, to the extent allowed by law, waiving your right to recover money or other damages in connection with any such charge or investigation filed with the Equal Employment Opportunity Commission, the National Labor Relations Board or similar state or local agency. You are also, to the extent allowed by law, waiving your right to recover money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission, National Labor Relations Board or similar state or local agency.

Furthermore, notwithstanding anything herein to the contrary, nothing in this Agreement or any other agreement with the Company shall (i) prohibit you from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i).

6. **Additional Agreements by Employee.**

(a) BY SIGNING THIS AGREEMENT YOU ARE KNOWINGLY AND VOLUNTARILY WAIVING ANY RIGHTS (KNOWN OR UNKNOWN) TO BRING OR PROSECUTE A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE RELEASED PARTIES WITH RESPECT TO ANY OF THE CLAIMS DESCRIBED ABOVE IN SECTION 5. You agree that the release set forth above will bar all claims or demands of every kind, known or unknown, referred to above in Section 4 and further agree that no non-governmental person, organization or other entity acting on your behalf has in the past or will in the future file any lawsuit, arbitration or proceeding asserting any claim that is waived or released under this Agreement. If you break this promise and file a lawsuit, arbitration or other proceeding asserting any Claim waived in this Agreement, (i) you will pay for all costs, including reasonable attorneys' fees, incurred by the Released Parties in

defending against such Claim (unless such Claim is a charge with the Equal Employment Opportunity Commission or the National Labor Relations Board); (ii) you give up any right to individual damages in connection with any administrative, arbitration or court proceeding with respect to your employment with and/or termination from employment with the Company, including damages, reinstatement or attorneys' fees; and (iii) if you are awarded money damages, you will assign to the Released Parties your right and interest to all such money damages. If any claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which Company or any other Released Party is a party. Furthermore, if you are made a member of a class or collective action in any proceeding without your prior knowledge or consent, you agree to opt out of the class or collective action at the first opportunity. Notwithstanding the foregoing, this Section 6 does not limit your right to challenge the validity of this Agreement in a legal proceeding under the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f), with respect to claims under the ADEA. This Section also is not intended to and shall not limit the right of a court to determine, in its discretion, that the Company is entitled to restitution, recoupment or setoff of any payments made to you by the Company should this Agreement be found to be invalid as to the release of claims under the ADEA.

(b) You agree that you shall not solicit, encourage, assist or participate (directly or indirectly) in bringing any Claims or actions against any of the Released Parties by other current or former employees, officers or third parties, except as compelled by subpoena or other court order or legal process, and only after providing the Company with prior notice of any such subpoena, order or legal process and an opportunity to timely contest such process. Notwithstanding the foregoing, nothing in this Agreement shall preclude you from making truthful statements that are required by applicable law, regulation or legal process.

(c) You represent and warrant that you have not filed any administrative, judicial or other form of complaint or initiated any claim, charge, complaint or formal legal proceeding, nor are you a party to any such claim, against any of the Released Parties, and that you will not make such a filing at any time hereafter based on any events or omissions occurring prior to the date of execution of this Agreement. You understand and agree that this Agreement will be pleaded as a full and complete defense to any action, suit or proceeding which is or may be instituted, prosecuted or maintained by you, your agents, assignees, attorneys, heirs, executors, administrators and anyone else claiming by or through you.

(d) You reiterate your obligations under Section 5 of the Employment Agreement as if fully set forth herein and agree that the Covered Time thereunder shall run until twelve (12) months after the end of the Consulting Period.

(e) You agree to cooperate with Company and take all necessary steps to effectuate this Agreement, each of its terms and the intent of the parties.

7. **Affirmations**. In signing this Agreement, you are affirming that:

(a) You have been paid and/or have received all compensation, wages, bonuses, commissions, overtime and/or benefits to which you may be entitled (except as set forth in

this Agreement). You affirm that you have been granted or not been denied any leave to which you were entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws;

(b) You are not eligible to receive payments or benefits under any other Company and/or other Released Party's severance pay policy, plan, practice or arrangement;

(c) You have no known workplace injuries or occupational diseases;

(d) You have not complained of and you are not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity by the Company or any other Released Party that you have not reported to the Company in writing. You also affirm that you have not been retaliated against for reporting any allegations of wrongdoing by any Released Party, including any allegations of corporate fraud. Both parties acknowledge that this Agreement does not limit either party's right, where applicable, to file or to participate in an investigative proceeding of any federal, state or local governmental agency;

(e) You acknowledge and agree that all of the Company's decisions regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin, or any other classification protected by law;

(f) On or about the Separation Date, or within a reasonable time thereafter, the Company provided you with timely and adequate notice of your right to continue group insurance benefits under COBRA (unless such notice was not required to be given because, on the day before termination, you did not receive group health insurance benefits through the Company and thus are not a qualified beneficiary within the meaning of COBRA); and

(g) You acknowledge and agree that if you breach the provisions of this Agreement (including, but not limited to, Section 8 or the provisions of the Employment Agreement which survive), that the Company will have the right to seek an appropriate remedy against you, which may include, but not be limited to, injunctive relief, the return of the Separation Benefits, other monetary damages, and the payment of the Company's attorneys' fees. Additionally, if you breach this Agreement, Company shall have the right, without waiving any other remedies in law or equity, to cease any further payments pursuant to Section 2 and 4. Notwithstanding such cessation of payments, all of your obligations hereunder shall be continuing and enforceable including but not limited to your release of claims, and the Company shall be entitled to pursue all remedies against you available at law or in equity for such breach.

8. **Confidentiality**. You agree that it is a material condition of this Agreement that you shall keep the terms of this Agreement, strictly and completely confidential and that you will not directly or indirectly make or issue any private statement, press release or public statement, or communicate or otherwise disclose to any employee of the Company (past, present or future) or to a member of the general public, the negotiations leading to, or the terms, amounts or facts of or underlying this Agreement, except as may be required by law or compulsory process; provided, however, that you may disclose the terms of this

Agreement to your immediate family, attorneys, and accountants or other financial advisors so long as they agree to abide by the foregoing confidentiality restriction.

9. **Return of Property.** You agree that no later than your last day of employment with the Company, you will return any and all property, including all copies or duplicates thereof, belonging to the Company, including but not limited to keys, key cards, security cards, identification badges, records, papers, files, blueprints, documents, equipment, phone, computer equipment and software, computer disks, thumb drives, supplies, customer or client lists and customer or client information, and all copies thereof and any other Company property under your control.

10. **Non-Admission of Wrongdoing**. You and the Company agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at any time for any purpose as an admission by any of the Released Parties of any liability, wrongdoing, or unlawful conduct of any kind, and the Released Parties do specifically deny, any violation of any local, state, federal, or other law, whether regulatory, common or statutory. Additionally, this Agreement, its existence or its terms will not be admissible in any proceeding other than a proceeding to enforce the terms of this Agreement.

11. **Amendment**. You understand and agree that this Agreement may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement.

12. **Entire Agreement; Waiver**. You understand and agree that this Agreement sets forth the entire agreement between you and the Company concerning the subject matter herein, and that it fully supersedes any prior obligation of the Company to you, as well as any agreements between you and the Company, other than any agreements relating to inventions, intellectual property, confidentiality, non-disparagement, non-competition and/or non-solicitation, including those set forth in Section 5 of your Employment Agreement, and all other provisions of the Employment Agreement designed to survive the termination of your employment with the Company. You acknowledge and affirm that you have not relied on any representations, promises, or agreements of any kind made to you in connection with your decision to accept this Agreement, except for those that are set forth in this Agreement. One or more waivers of a breach of any covenant, term or provision of this Agreement by any party shall not be construed as a waiver of a subsequent breach of the same covenant, term or provision, nor shall it be considered a waiver of any other then existing or subsequent breach of a different covenant, term or provision.

13. **Right to Consider, Rescind and Revoke Acceptance**. This Agreement is intended to comply with the Older Workers Benefit Protection Act of 1990 with regard to your waiver of rights under the Age Discrimination in Employment Act. In signing this Agreement, you understand and agree that:

(a) You are specifically advised to consult with an attorney of your own choosing before you sign this Agreement, as it waives and releases rights you have or may have under federal, state and local law, including but not limited to the Age Discrimination in Employment Act. You acknowledge that you will bear all expenses incurred by you in the

negotiation and preparation of this Agreement, and the Company will bear all fees incurred by it.

(b) You will have up to twenty-one (21) calendar days from the Separation Date to decide whether to accept and sign this Agreement. In the event you do sign this Agreement, you may revoke or rescind your acceptance within seven (7) calendar days of signing it, and it will not become effective or enforceable until the eighth (8th) day after you sign it (the "Effective Date"). In order to effectively revoke or rescind your acceptance, the revocation or rescission must be in writing and postmarked within the seven (7) calendar day period, and properly addressed to:

Scientific Games
6601 Bermuda Road
Las Vegas, NV 89119
Attention: Shawn Williams, Human Resources

You acknowledge that if you do not accept this Agreement in the manner described above, it will be withdrawn and of no effect. You acknowledge and agree that, if you revoke your acceptance of this Agreement, you shall receive none of the benefits provided hereunder and this Agreement shall be null and void, having have no further force or effect, and that said Agreement will not be admissible as evidence in any judicial, administrative or arbitral proceeding or trial. You further acknowledge that if the Agreement is not revoked in the time period set forth above, you shall have forever waived your right to revoke this Agreement, and it shall thereafter have full force and effect as of the Effective Date.

(c) Any and all questions regarding the terms of this Agreement have been asked and answered to your complete satisfaction.

(d) You acknowledge that the consideration provided for hereunder is in addition to anything of value to which you already are entitled and the consideration provided for herein is good and valuable.

(e) You are entering into this Agreement voluntarily, of your own free will, and without any coercion or undue influence of any kind or type whatsoever.

(f) Any modifications of or revisions to this Agreement do not re-start the consideration period, described in paragraph(b) of this Section 13.

(g) You understand that the releases contained in this Agreement do not extend to any rights or claims that you have under the Age Discrimination in Employment Act that first arise after execution of this Agreement.

14. **409A**. This Agreement is intended to comply with or be exempt from Section 409A or an exception thereunder and shall be interpreted, construed and administered in accordance therewith. Notwithstanding anything in this Agreement to the contrary, in the event that you are deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i), no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to you prior to the date that is six (6) months after your Separation

Date or, if earlier, your date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the first payroll date following the date that is six (6) months after your Separation Date. To the extent that any reimbursements are taxable to you, any such reimbursement payment due to you shall be paid to you in all events on or before the last day of your taxable year following the taxable year in which the related expense was incurred. The reimbursements are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that you receive in one taxable year shall not affect the amount of such benefits or reimbursements that you receive in any other taxable year. For purposes of Section 409A, each installment payment, if applicable, provided under this Agreement shall be treated as a separate payment. Notwithstanding the foregoing, the Company makes no representations that the payments or benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the you as a result of this Agreement failing to comply with Section 409A.

15. **Resignation of Director and Officer Positions**. As of the Separation Date, you will resign your position, if any, as an officer and/or director of the Company and all of the Company's subsidiaries, except that you will remain a non-employee member of the Board following the Separation Date through the expiration of your current term and any additional term to which you may be elected at the Company's annual meeting in 2018. You agree to execute and deliver to the Company any requested resignation letters further documenting your resignation from such positions.

16. **Governing Law; Arbitration**. The parties hereby agree that the "Governing Law; Arbitration" section of the Employment Agreement set forth at Section 12 of the Employment Agreement is incorporated herein.

17. **Miscellaneous.** This Agreement may be signed in counterparts, both of which shall be deemed an original, but both of which, taken together shall constitute the same instrument. A signature made on an electronically mailed copy of the Agreement or a signature transmitted by electronic mail shall have the same effect as the original signature. The section headings used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the interpretation of any of the provisions hereof. This Agreement shall be binding upon and inure to the benefit of the parties and their respective personal representatives, agents, attorneys, executors, administrators, heirs, successors and assigns.

[signatures follow on the next page]

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily entered into this Agreement and General Release as of the date set forth below:

SCIENTIFIC GAMES CORPORATION

By: /s/Shawn Williams
Name: Shawn Williams
Title: SVP, Chief Human Resources Officer

I have decided to accept this Agreement and General Release, to fulfill the promises I have made, and to receive the Separation Benefits and Relocation Payment described in Section 2 and the benefits described in Section 4 above. I hereby freely and voluntarily assent to all the terms and conditions in this Agreement and General Release. I understand that this Agreement and General Release will become a binding agreement between the Company and me as of the 8th day after I sign it, and I am signing this Agreement and General Release as my own free act with the full intent of releasing the Released Parties from all Claims, as described in Section 5 above, including but not limited to those under the Age Discrimination in Employment Act (ADEA).

/s/Kevin Sheehan Date: June 19, 2018
KEVIN SHEEHAN

EXHIBIT A

Award Type	**Grant Date**	**Exercise Price**	**Quantity Granted**	**Amounts Vested**	**Accelerated Vested Quantity Upon Termination**
2016 Sign-On Stock Restricted Stock Units	8/10/2016	N/A	400,000	0	Potentially up to (700/1,095 x 400,000)
2017 Restricted Stock Units	3/9/2017	N/A	69,444	17,361	52,083
2017 Time-Based Stock Options	3/9/2017	$21.60	137,236	34,309	102,927
2017 Performance-Based Stock Options	3/9/2017	$21.60	137,236	34,309	102,927

Amendment to Consulting Agreement

This Amendment to Consulting Agreement (this "Amendment") is made as of May 2, 2018 by and between Scientific Games Corporation, a Nevada corporation (the "Company") and Michael Gavin Isaacs ("Consultant").

WHEREAS, the Company and Consultant entered into a Consulting Agreement dated as of January 1, 2017 (the "Agreement");

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Agreement is hereby amended by deleting Section 5.1 and replacing it with the following:

"Term of the Agreement. The term of this Agreement shall commence on January 1, 2017 and shall continue until December 31, 2018, unless earlier terminated in accordance with Section 5.2 (the "**Term**"). The term of the Agreement can be extended if agreed to by both parties in writing."

2. Section 5.4 is amended by adding the following sentence to the end of the subsection:

"For the avoidance of doubt, in the event the Company otherwise terminates this Agreement after June 30, 2018, no liquidated damages will be owed by the Company and the Company will only owe Consultant fees for Services performed through the date of termination."

3. Section 6.1 of the Agreement is revised to update the Company's address as follows: "In the case of the Company: Scientific Games Corporation, 6601 Bermuda Road, Las Vegas NV 89119, Attn: Chief Legal Officer."

4. Except as set forth in this Amendment, all terms and conditions of the Agreement shall remain unchanged and in full force and effect in accordance with their terms. All references to the "Agreement" in the Agreement shall refer to the Agreement as amended by this Amendment.

5. This Amendment may be executed in counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

[Signatures follow on the next page]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Amendment as of May 2, 2018.

SCIENTIFIC GAMES CORPORATION

By: /s/Shawn Williams
Name: Shawn Williams
Title: SVP, Chief Human Resources Officer

/s/Michael Gavin Isaacs
Michael Gavin Isaacs

Exhibit 31.1

Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Barry L. Cottle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scientific Games Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2018

/s/ Barry L. Cottle

Barry L. Cottle

Chief Executive Officer

Exhibit 31.2

Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael A. Quartieri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scientific Games Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2018

/s/ Michael A. Quartieri

Michael A. Quartieri

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Scientific Games Corporation (the "Company") on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry L. Cottle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Barry L. Cottle

Barry L. Cottle
Chief Executive Officer
August 1, 2018

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Scientific Games Corporation (the "Company") on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Quartieri, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Michael A. Quartieri

Michael A. Quartieri
Chief Financial Officer
August 1, 2018