SCIENTIFIC GAMES CORP
Form DEF 14A
April 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

SCIENTIFIC GAMES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 30, 2018

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Scientific Games Corporation to be held at 10:00 a.m. (local time) on Wednesday, June 13, 2018, at Greenberg Traurig, LLP, 3773 Howard Hughes Parkway, Suite 400 North, Las Vegas, Nevada.

At the meeting, we will be electing thirteen (13) members of our Board of Directors and conducting an advisory vote to approve executive officer compensation. We will also be seeking the ratification of the adoption of our regulatory compliance protection rights plan designed to strengthen our ability to secure and maintain our good standing with respect to our licenses, contracts, franchises and other regulatory approvals. Finally, we will be asking our stockholders to ratify the appointment of Deloitte & Touche LLP as our independent auditor. These matters are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Even if you plan to attend the annual meeting in person, we encourage you to vote your shares right away using one of the advance voting methods described in the accompanying materials.

We look forward to seeing you at the annual meeting.

Sincerely,

Kevin M. Sheehan
President and Chief Executive Officer

The accompanying Proxy Statement is dated April 30, 2018, and is first being mailed to our stockholders about or before May 16, 2018.

SCIENTIFIC GAMES CORPORATION
6601 Bermuda Road
Las Vegas, NV 89119
NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of Scientific Games Corporation (the “Company”) will be held at 10:00 a.m. (local time) on Wednesday, June 13, 2018, at Greenberg Traurig, LLP, 3773 Howard Hughes Parkway, Suite 400 North, Las Vegas, Nevada, for the following purposes:

1. To elect thirteen (13) members of the Company's Board of Directors to serve for the ensuing year and until their respective successors are duly elected and qualified.
2. To approve, on an advisory basis, the compensation of the Company’s named executive officers.
3. To ratify the adoption of the Company's regulatory compliance protection rights plan, which was previously adopted by the Board of Directors in an effort to protect stockholder value by strengthening the Company’s ability to secure and maintain the Company’s good standing with respect to its licenses, contracts, franchises and other regulatory approvals.
4. To ratify the appointment of Deloitte & Touche LLP as independent auditor for the fiscal year ending December 31, 2018.
5. To consider and act upon any other matter that may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on April 16, 2018 are entitled to receive notice of and to vote at the meeting and any adjournment thereof. A list of the holders will be open to the examination of stockholders for ten days prior to the date of the meeting, between the hours of 9:00 a.m. and 5:00 p.m., at the office of the Corporate Secretary of the Company at 6601 Bermuda Road, Las Vegas, NV 89119 and will be available for inspection at the meeting itself.

To obtain directions to attend the meeting and vote in person, please telephone the Company at (702) 532-7663. Whether you plan to be personally present at the meeting or not, we encourage you to submit your vote by proxy as soon as possible using one of the advance voting methods (see page 1 of the accompanying Proxy Statement for additional details).

Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to be held on June 13, 2018:
The Proxy Statement and 2017 Annual Report will be available
about or before May 16, 2018 through the Investors link on our website at
www.scientificgames.com or through www.proxyvote.com.

By Order of the Board of Directors

Michael A. Quartieri
Executive Vice President, Chief Financial Officer,
Treasurer and Corporate Secretary
Dated: April 30, 2018

TABLE OF CONTENTS

SCIENTIFIC GAMES CORPORATION
6601 Bermuda Road
Las Vegas, NV 89119

PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the “Board”) of Scientific Games Corporation (“Scientific Games,” the “Company,” “we” or “us”) of proxies to be voted at the annual meeting of stockholders to be held at 10:00 a.m. (local time) on Wednesday, June 13, 2018, at Greenberg Traurig, LLP, 3773 Howard Hughes Parkway, Suite 400 North, Las Vegas, Nevada, and any adjournment or postponement of the meeting, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

Access to Proxy Materials

We expect our proxy materials, including this Proxy Statement and our 2017 Annual Report, to be made available to stockholders about or before May 16, 2018 through the Investors link on our website at www.scientificgames.com or through www.proxyvote.com.

Stockholders Entitled to Vote

All stockholders of record at the close of business on April 16, 2018 are entitled to vote at the meeting. At the close of business on April 16, 2018, 90,720,922 shares of common stock were outstanding. Each share is entitled to one vote on all matters that properly come before the meeting.

Voting Procedures

You may vote your shares by proxy without attending the meeting. You may vote your shares by proxy over the Internet or by mail or telephone pursuant to instructions provided on the proxy card. If you are voting over the Internet or by telephone, you will need to provide the control number that is printed on the proxy card that you receive.

If you are the record holder of your shares, you may also vote your shares in person at the meeting. If you are not the record holder of your shares (i.e., they are held in “street” name by a broker, bank or other nominee), you must first obtain a proxy issued in your name from the record holder giving you the right to vote the shares at the meeting.

Voting Matters

Stockholders are being asked to vote on the following matters at the annual meeting:

Proposal	Board's Recommendation
Proposal 1: Election of Directors (page 4) The Board and the Nominating and Corporate Governance Committee believe that the 13 director nominees possess a combination of qualifications, experience and judgment necessary for a well-functioning Board and the effective oversight of the Company.	FOR each Nominee
Proposal 2: Approval, on an Advisory Basis, of the Compensation of the Company's Named	FOR

Executive Officers (page 51) The Company has designed its executive compensation program to attract and retain executive talent, foster excellent business performance and align compensation with the long-term interests of our stockholders. The Board and the Compensation Committee value stockholders' opinions and will take into account the outcome of the advisory vote when considering future executive compensation decisions.

FOR

Proposal 3: Ratification of the Adoption of Our Regulatory Compliance Protection Rights Plan (page 53)

The Board has adopted the regulatory compliance protection rights plan in an effort to protect stockholder value by strengthening the Company's ability to secure and maintain its good standing with respect to its licenses, contracts, franchises and other regulatory approvals. As a matter of good corporate practice, stockholders are being asked to ratify the Board's adoption of the regulatory compliance protection rights plan.

Proposal 4: Ratification of the Appointment of Deloitte & Touche LLP ("Deloitte") as Independent Auditor (page 58) FOR

The Audit Committee has appointed Deloitte to serve as our independent auditor for the fiscal year ending December 31, 2018. As a matter of good corporate governance, stockholders are being asked to ratify the Audit Committee's

appointment
of
Deloitte.
All valid proxies received prior to the meeting will be voted in accordance with the instructions specified by the stockholder. If a proxy card is returned without instructions, the persons named as proxy holders on your proxy card will vote in accordance with the above recommendations of the Board.
With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.
Changing Your Vote
A stockholder may revoke a proxy at any time prior to its being voted by delivering written notice to the Corporate Secretary of the Company, by delivering a properly executed later-dated proxy (including over the Internet or by telephone), or by voting in person at the meeting.
Quorum
The presence, in person or by proxy (regardless of whether the proxy has authority to vote on all matters), of the holders of a majority of the shares entitled to vote at the meeting constitutes a quorum for the transaction of business.

Vote Required

Assuming a quorum is present, directors will be elected (Proposal 1) by a plurality of the votes cast in person or by proxy at the meeting.

Each of the other proposals requires the affirmative vote of a majority of the shares entitled to vote represented at the meeting.

Effect of Withheld Votes or Abstentions

If you vote “WITHHOLD” in the election of directors or vote “ABSTAIN” (rather than vote “FOR” or “AGAINST”) with respect to any other proposal, your shares will count as present for purposes of determining whether a quorum is present. A “WITHHOLD” vote will have no effect on the outcome of the election of directors (Proposal 1), and an “ABSTAIN” vote will have the effect of a negative vote on the other proposals (Proposals 2, 3 and 4).

Effect of Broker Non-Votes

A broker “non-vote” occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power on that item and has not received specific instructions from the beneficial owner. If any broker “non-votes” occur at the meeting, the broker “non-votes” will count for purposes of determining whether a quorum is present but will not have an effect on any proposals presented for your vote. A broker or other nominee holding shares for a beneficial owner may not vote these shares with respect to the election of directors (Proposal 1), advisory vote on approval of named executive officer compensation (Proposal 2) or the ratification of the adoption of our regulatory compliance protection rights plan (Proposal 3) without specific instructions from the beneficial owner as to how to vote with respect to such proposals. Brokers and other nominees will have discretionary voting power to vote without instructions from the beneficial owner on the ratification of the appointment of our independent auditor (Proposal 4) and, accordingly, your shares may be voted by your broker or nominee on Proposal 4 without your instructions.

PROPOSAL 1
ELECTION OF DIRECTORS

The Board is elected by our stockholders to oversee the management of the business and affairs of the Company. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved for or shared with stockholders. The Board appoints our executives, who are charged with conducting the business and affairs of the Company, subject to oversight by the Board.

Nominees for Election

The Board has nominated for election as a director to the Board the thirteen (13) persons named below to serve for a one-year term until the next annual meeting of stockholders of the Company and until their successors have been duly elected and qualified or until their earlier death, resignation or removal. Each of the director nominees is presently serving as a director. Additionally, each of our nominees was previously elected to the Board by our stockholders. Four of the nominees (Messrs. Perelman, Meister and Schwartz and Ms. Townsend) were designated for election to the Board by MacAndrews & Forbes Incorporated, our largest stockholder, pursuant to its rights under a stockholders' agreement with us (discussed more fully below). Pursuant to its rights under a stockholders' agreement, MacAndrews & Forbes Incorporated has the right to designate four nominees for election to the Board.

The Board recommends that you vote in favor of the election of each of the nominees named below as directors of the Company for the ensuing year, and the persons named as proxies on the enclosed proxy card will vote the proxies received by them for the election of each of the nominees unless otherwise specified on those proxy cards. All of the nominees have indicated a willingness to serve as directors. However, if any nominee becomes unavailable to serve before the election, proxies may be voted for a substitute nominee selected by the Board, or the Board may decide to reduce the number of directors.

The name, age (as of April 6, 2018), business experience and certain other information regarding each of the nominees for director are set forth below.

Name	Age	Position with the Company	Director Since
Ronald O. Perelman	75	Director (Chairman)	2003
Kevin M. Sheehan	64	Director, President and Chief Executive Officer	2016
Peter A. Cohen	71	Director (Vice Chairman)	2000
Richard M. Haddrill	64	Director (Vice Chairman)	2014
M. Gavin Isaacs	53	Director (Vice Chairman)	2014
Viet D. Dinh	50	Director	2017
Gerald J. Ford	73	Director	2005
David L. Kennedy	71	Director	2009
Judge Gabrielle	75	Director	2014

K. McDonald			
Paul M. Meister	65	Director	2012
Michael J. Regan	75	Director	2006
Barry F. Schwartz	68	Director	2003
Frances F. Townsend	56	Director	2010

Ronald O. Perelman was named Chairman of the Board in November 2013. Mr. Perelman has been Chairman of the Board and Chief Executive Officer of MacAndrews & Forbes Incorporated, a diversified holding company with interests in a diversified portfolio of public and private companies and various affiliates since 1980. Mr. Perelman is also Chairman of the Board of Revlon, Inc. and Revlon Consumer Products Corporation.

Kevin M. Sheehan joined our Board in August 2016 when he was also appointed to the position of President and Chief Executive Officer. Mr. Sheehan served as Chief Executive Officer of NCL Corporation Ltd., a leading global cruise line operator (“Norwegian Cruise Line”), from November 2008 through January 2015 and as President of Norwegian Cruise Line from August 2010 through January 2015 (and previously from August 2008 through March 2009). Mr. Sheehan also served as Chief Financial Officer of Norwegian Cruise Line from November 2007 until September 2010. Before joining Norwegian Cruise Line, Mr. Sheehan served as a consultant to private equity firms, including Cerberus Capital Management LP and Clayton Dubilier & Rice. From 2001 to 2005, Mr. Sheehan held various senior executive roles at Cendant Corporation, including Chairman and Chief Executive Officer of the corporation’s Vehicle Services Division (which included global responsibilities of Avis, Budget, PHH Vehicle Management Services and Wright Express) from January 2003 through May 2005 and Chief Financial Officer from March 2001 through May 2003. Earlier in his career, Mr. Sheehan served as President of STT Video Partners (Sega Channel) and was instrumental in the creation and launch of Telemundo. Mr. Sheehan served on the board of directors of Bob Evans Farms, Inc. from 2014 to August 2017. From 2015 through August 2016, Mr. Sheehan served as the John J. Phelan, Jr. Distinguished Professor at the Robert B. Willumstad School of Business at Adelphi University and, from August 2005 to January 2008, Mr. Sheehan served on the faculty of Adelphi University as a Distinguished Visiting Professor of accounting, finance and economics. Mr. Sheehan currently serves on the boards of directors of Dave & Buster’s Entertainment, Inc., operator of venues that combine entertainment and dining in North America for adults and families, where he has served since 2011, and New Media Investment Group Inc. and its predecessor, a diversified portfolio of local media assets and a digital marketing services business, where he has served since 2006.

Peter A. Cohen has served as Vice Chairman of the Board since September 2004. Mr. Cohen is Chairman of Cowen Inc. (formerly known as Cowen Group, Inc.), a diversified financial services company, and served as Chairman and Chief Executive Officer from 2009 through December 2017. Mr. Cohen was a founding partner and principal of Ramius LLC, a private investment management firm formed in 1994 that was combined with Cowen in late 2009. Mr. Cohen served as a member of the board of directors of Chart Acquisition Corp. (which, as a result of a business combination, is now known as Tempus Applied Solutions Holdings, Inc.) from 2013 to 2015. From November 1992 to May 1994, Mr. Cohen was Vice Chairman of the Board and a director of Republic New York Corporation, as well as a member of its executive management committee. Mr. Cohen was Chairman and Chief Executive Officer of Shearson Lehman Brothers from 1983 to 1990.

Richard M. Haddrill has served as Vice Chairman of the Board since February 2018. Mr. Haddrill was employed as Executive Vice Chairman starting in December 2014, following the Company’s acquisition of Bally Technologies, Inc. ("Bally") in November 2014 (the "Bally Acquisition"). Mr. Haddrill is the founder and manager of The Groop, LLC, a private investment and advisory company formed in January 2018. Previously, Mr. Haddrill served as Chief Executive Officer of Bally from 2004 to 2012 and from May 2014 until the Bally Acquisition, and he served on Bally’s board of directors from 2003 until the Bally Acquisition, including serving as Chairman of the Bally board from 2012 to 2014. Prior to joining Bally, Mr. Haddrill served as Chief Executive Officer and as a member of the board of directors of Manhattan Associates, Inc., a global leader in software solutions to the supply-chain industry. Prior to that, he served as President and Chief Executive Officer of Powerhouse Technologies, Inc., a technology and gaming company involved in the video lottery industry and online lottery and pari-mutuel wagering systems. Mr. Haddrill also served on the board of directors of JDA Software Group, Inc., a leading provider of end-to-end integrated retail and supply chain planning and execution solutions, through 2012.

M. Gavin Isaacs was appointed Vice Chairman of the Board in August 2016 and has been a member of the Board since 2014. He previously served as President and Chief Executive Officer of the Company from June 2014 until August 2016. Mr. Isaacs is an accomplished gaming industry executive with more than 15 years of leadership experience. He served as Chief Executive Officer of SHFL entertainment, Inc. from April 2011 through November 2013 when the company was acquired by Bally. Prior to joining SHFL entertainment, Inc., Mr. Isaacs served as Executive Vice President and Chief Operating Officer of Bally from 2006 through 2011. Prior to joining Bally, he held senior roles at Aristocrat Leisure Limited, including Head of Global Marketing and Business Development, Managing Director of Aristocrat’s London-based European subsidiary and President of Aristocrat Technologies, Inc., Aristocrat’s Las Vegas-based subsidiary. Mr. Isaacs previously served as a Trustee

5

and the President of the International Association of Gaming Advisors, and as Vice Chairman of the board of directors of the American Gaming Association.

Viet D. Dinh has been a Director since June 2017, and is a partner at Kirkland & Ellis LLP, an international law firm providing legal advice in the areas of complex litigation, corporate and tax law, intellectual property, restructuring and other general counseling matters. Mr. Dinh has also served as a Professional Lecturer in Law focusing on corporations and constitutional law at Georgetown University since 2014. Previously, he served as a tenured law professor at Georgetown University from 1996 to 2014. Prior to joining Kirkland & Ellis in 2016, Mr. Dinh was a partner at Bancroft PLLC, a law and strategic consulting firm which he founded in 2003. From 2001 to 2003, Mr. Dinh served as Assistant Attorney General for Legal Policy at the U.S. Department of Justice, where he played a key role in developing legal policy initiatives to combat terrorism, including the USA Patriot Act. Mr. Dinh has served on the boards of directors of the following publicly traded companies within the last five years: Twenty-First Century Fox, Inc. (since 2013); LPL Financial Holdings, Inc. (since 2015); Revlon, Inc. and Revlon Consumer Products Corporation (from 2012 to May 2017); and News Corporation (from 2004 to 2013).

Gerald J. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers and acquisitions of private and public sector financial institutions over the past 42 years. Mr. Ford has served as a director of Hilltop Holdings Inc., a Texas-based, publicly traded, diversified financial holding company, since 2005, and as Chairman since 2007, and has served as a director of Freeport-McMoRan Inc., an international mining company with headquarters in Phoenix, Arizona, since 2000, and as Chairman since January 2016. Mr. Ford also is the Co-Managing Member of Ford Financial Fund II, L.P., a private equity fund that owns the controlling interest of Mechanics Bank. During the past five years, Mr. Ford has also served as Chairman of the board of directors of Pacific Capital Bancorp (from 2010 to December 2012) and as a director of McMoRan Exploration Company (from 1998 to June 2013) and SWS Group, Inc. (from 2011 to 2015).

David L. Kennedy has served as a director since 2009, including serving as a Vice Chairman from 2009 through 2016. Mr. D. Kennedy has previously been an employee of the Company, most recently serving as Executive Vice Chairman from June 2014 to August 2014. Previously, he served as the Company's President and Chief Executive Officer from November 2013 to June 2014, and as Chief Administrative Officer from April 2011 until March 2012. During his 45-year business career, Mr. D. Kennedy held senior executive positions with Revlon, Inc. and The Coca-Cola Company and affiliates. In June 2016, he retired from his role as Senior Executive Vice President of MacAndrews & Forbes Incorporated and from the boards of Revlon, Inc., where he had served as Vice Chairman since 2009 (including serving in that capacity as an executive officer until November 2013) and as a director since 2006, and Revlon Consumer Products Corporation, where he had served as a director since 2006.

Judge Gabrielle K. McDonald is a former U.S. District Court judge. From 2001 until 2013, Judge McDonald served as a judge on the Iran-United States Claims Tribunal, The Hague, The Netherlands. Judge McDonald served as a judge on the International Criminal Tribunal for the former Yugoslavia in The Hague for six years, and was President of the Tribunal from 1997 until 1999. Judge McDonald is a member of the Council on Foreign Relations. During the past five years, Judge McDonald has also served as a director of Freeport-McMoRan Inc. and the American Arbitration Association.

Paul M. Meister has served as President of MacAndrews & Forbes Incorporated since 2014. Mr. Meister was appointed Executive Vice Chairman of Revlon, Inc. in January 2018. He is also co-founder and, since 2008, Chief Executive Officer of Liberty Lane Partners, LLC, a private investment company with diverse investments in healthcare, technology and distribution-related industries. Mr. Meister previously served as Chairman and Chief Executive Officer of inVentiv Health, Inc., a provider of commercial, consulting and clinical research services to the pharmaceutical and biotech industries, from 2010 until 2015. Mr. Meister was Chairman of Thermo Fisher Scientific Inc. ("Thermo Fisher"), a scientific instruments equipment and supplies company, from November 2006 until April 2007. He was previously Vice Chairman of Fisher Scientific International, Inc. ("Fisher Scientific"), a predecessor to Thermo Fisher, from March 2001 to November 2006, and Vice Chairman and Chief Financial Officer of Fisher Scientific from March 1991 to March 2001. Prior to Fisher Scientific, Mr. Meister held executive positions with the Henley Group, Wheelabrator Technologies and Abex, Inc. Mr. Meister has served as a director of Revlon,

Inc. since June 2016; LKQ Corporation, a distributor of vehicle products, since February 1999; Quanterix Corporation, a developer of ground-breaking tools in high definition diagnostics, since September 2013; and vTv Therapeutics Inc., a clinical-stage bio pharmaceutical company, since July 2015.

Michael J. Regan is a former Vice Chairman and Chief Administrative Officer of KPMG LLP and was the lead audit partner for many Fortune 500 companies during his 40-year tenure with KPMG. Mr. Regan has been a member of the board of directors of Lifetime Brands, Inc., a global provider of kitchenware, tableware and other home products, since 2012. During the past five years, Mr. Regan has also served as a member of the board of directors of DynaVox Inc. (from 2011 to January 2015).

Barry F. Schwartz has been Vice Chairman of MacAndrews & Forbes Incorporated and various affiliates since December 2015. Mr. Schwartz was Executive Vice Chairman of MacAndrews & Forbes Incorporated and various affiliates from October 2007 to December 2015. Prior to that, he was Executive Vice President and General Counsel of MacAndrews & Forbes Incorporated and various affiliates since 1993 and Senior Vice President of MacAndrews & Forbes Incorporated and various affiliates from 1989 to 1993. Mr. Schwartz has been a director of Revlon, Inc. since November 2007 and Revlon Consumer Products Corporation since March 2004. Mr. Schwartz has also been a director of Gaming and Leisure Properties, Inc., a Pennsylvania real estate investment trust company, since May 2017. During the past five years, Mr. Schwartz has also served as a director of Harland Clarke Holdings Corp. (from 2005 to 2014).

Frances F. Townsend is Executive Vice President of Worldwide Government, Legal and Business Affairs of MacAndrews & Forbes Incorporated. She has been with MacAndrews & Forbes Incorporated since October 2010. Ms. Townsend was a corporate partner at the law firm of Baker Botts LLP from April 2009 to October 2010. Prior to that, she was Assistant to President George W. Bush for Homeland Security and Counterterrorism and chaired the Homeland Security Council from May 2004 until January 2008. Prior to serving the President, Ms. Townsend was the first Assistant Commandant for Intelligence for the U.S. Coast Guard and spent 13 years at the U.S. Department of Justice in various senior positions. She also serves on numerous governmental advisory and nonprofit boards. Ms. Townsend is a trustee on the board of the New York City Police Foundation and the Intrepid Sea, Air & Space Museum. She is also a member of the Council on Foreign Relations and the Trilateral Commission. Ms. Townsend has been a director of The Western Union Company since 2013, and Freeport-McMoRan Inc., an international mining company with headquarters in Phoenix, Arizona, since 2013. During the past five years, Ms. Townsend has also served as a director of SIGA Technologies, Inc. (from 2011 to 2014).

Designees of MacAndrews & Forbes Incorporated

Messrs. Perelman, Meister and Schwartz and Ms. Townsend were designated for election to the Board by MacAndrews & Forbes Incorporated pursuant to its rights under a stockholders' agreement with us dated September 6, 2000, as supplemented by agreements dated June 26, 2002, October 10, 2003 and February 15, 2007. The stockholders' agreement was originally entered into with holders of our Series A Convertible Preferred Stock in connection with the initial issuance of such preferred stock and provides for, among other things, the right of the holders to designate up to four members of our Board based on their ownership of preferred stock or the common stock issued upon conversion thereof. All of the preferred stock was converted into common stock in August 2004. MacAndrews & Forbes Incorporated, which owned approximately 92% of the preferred stock prior to conversion and currently owns approximately 38.11% of our outstanding common stock, currently has the right to designate up to four directors based on its level of share ownership. The percentages that must be maintained in order to designate directors are as follows: (a) 20% to designate four directors; (b) 16% to designate three directors; (c) 9% to designate two directors; and (d) 4.6% to designate one director. Such percentages, in each case, are to be determined based on our fully diluted common stock subject to certain exclusions of common stock or other securities that may be issued in the future.

Qualifications of Directors

Our directors are responsible for overseeing the management of the Company's business and affairs, which requires highly skilled and experienced individuals. The Nominating and Corporate Governance Committee is responsible for evaluating and making recommendations to the Board concerning the appropriate size and needs of the Board with the objective of maintaining the necessary experience, skills and independence on the Board. The Nominating and Corporate Governance Committee and the Board believe that there are general qualifications that are applicable to all directors and other skills and experience that should be represented on the Board as a whole, but not necessarily by each director. The Nominating and Corporate Governance Committee and the Board consider the experience and qualifications of prospective directors individually and in the context of the Board’s overall composition.

In its assessment of prospective directors, the Nominating and Corporate Governance Committee and the Board generally consider, among other factors, the individual’s character and integrity, experience, judgment, independence and ability to work collegially, as well as the ability of a potential nominee to devote the time and effort necessary to fulfill his or her responsibilities as a director. The Nominating and Corporate Governance Committee and the Board also assess particular qualifications, attributes, skills and experience that they believe are important to be represented on the Board as a whole, in light of the Company’s business. These include a high level of financial literacy, relevant chief executive officer or similar leadership experience, gaming, lottery and interactive gaming industry experience, experience with global operations, exposure to the development and marketing of technology and consumer products, and legal and regulatory experience.

As a matter of practice, the Nominating and Corporate Governance Committee and the Board also consider the diversity of the backgrounds and experience of prospective directors as well as their personal characteristics (e.g., gender, ethnicity, age) in evaluating, and making decisions regarding, Board composition, in order to facilitate Board deliberations that reflect a broad range of perspectives. The Nominating and Corporate Governance Committee and the Board believe that the Board is comprised of a diverse group of individuals.

The Nominating and Corporate Governance Committee and the Board believe that each nominee has valuable individual skills and experiences that, taken together, provide the variety and depth of knowledge, judgment and vision necessary for the effective oversight of the Company. As indicated in the foregoing biographies, the nominees have extensive experience in a variety of fields, including gaming, lottery and interactive gaming (Messrs. Haddrill, Isaacs and a number of our other long-serving directors), global operations (all directors), technology (Messrs. Haddrill, Isaacs, D. Kennedy and Meister), consumer products and marketing (Messrs. Perelman, Sheehan, Haddrill, Isaacs, D. Kennedy, and Schwartz), legal and regulatory (Messrs. Isaacs, Dinh and Schwartz and Madams McDonald and Townsend), investment and financial services (Messrs. Perelman, Cohen, Ford, D. Kennedy, Meister and Schwartz) and public accounting (Mr. Regan), each of which the Board believes provides valuable knowledge about important elements of our business. Most of our nominees have leadership experience at major companies or organizations that operate inside and outside the United States and/or experience on other companies’ boards, which provides an understanding of ways other companies address various business matters, strategies, corporate governance and other issues. As indicated in the foregoing biographies, the nominees have each demonstrated significant leadership skills, including as a chief executive officer (Messrs. Perelman, Sheehan, Cohen, Haddrill, Isaacs, Ford, D. Kennedy, Meister and Schwartz), as a chief administrative officer of a major accounting firm (Mr. Regan), as chair of the Homeland Security Council and an officer in the U.S. Coast Guard (Ms. Townsend) and as a judge on an international criminal tribunal (Judge McDonald). Mr. Dinh and Ms. Townsend have extensive public policy, government or regulatory experience, which can provide valuable insight into issues faced by companies in regulated industries such as that of the Company. Mr. Isaacs has served as a senior executive and director of other gaming companies, which service has given him a deep knowledge of the Company and its businesses and directly relevant management experience. Mr. Sheehan has experience in the travel and leisure industry, providing him with insight into issues facing our customers. The Nominating and Corporate Governance Committee and the Board believe that these skills and experiences, together with their other qualities, qualify each nominee to serve as a director of the Company.

THE BOARD RECOMMENDS A VOTE “FOR” EACH OF THE THIRTEEN (13) NOMINEES

Corporate Governance

Overview. The Company is committed to good corporate governance, which we believe promotes the long-term interests of our stockholders and strengthens Board and management accountability. Highlights of our corporate governance structure and policies include:

Corporate Governance Highlights

• Annual election of all directors	• Cash and equity compensation clawback policy
• Ten independent director nominees	• Anti-hedging policy
• Entirely independent Board committees (other than Executive and Finance Committee and Compliance Committee)	• Executive compensation based on pay-for-performance philosophy
• Regular executive sessions of independent directors	• Code of Business Conduct (and related training)
• Separate Chairman and Chief Executive Officer roles	• Stockholder right to call special meetings
• Regular Board and committee self-evaluations	• Stockholder right to act by written consent
• Director and officer stock ownership guidelines	• Absence of an “anti-takeover” rights plan and other “anti-takeover” provisions
• Risk management oversight by the Board and committees	

Director Independence. The Board has adopted Director Independence Guidelines as a basis for determining that individual directors are independent under the standards of the NASDAQ Stock Market. This determination, which is made annually, helps assure the quality of the Board’s oversight of management and reduces the possibility of damaging conflicts of interest. Under these standards, a director will not qualify as independent if:

(1) the director has been employed by the Company (or any subsidiary) at any time within the past three years, other than service as an interim executive officer for a period of less than one year;

(2) the director has an immediate family member who has been employed as an executive officer of the Company (or any subsidiary) at any time within the past three years;

(3) the director or an immediate family member of the director has accepted any compensation (including any political contribution to a director or family member) from the Company (or any subsidiary) in excess of $120,000 during any period of 12 consecutive months within the past three years other than (a) for Board or Board committee service, (b) in the case of the family member, as compensation for employment other than as an executive officer, (c) benefits under a tax-qualified retirement plan or non-discretionary compensation, or (d) compensation for service as an interim executive officer for a period of less than one year;

(4) the director or an immediate family member of the director is a partner, controlling shareholder or executive officer of an organization (including a charitable organization) that made payments to, or received payments from, the Company for property or services in the current year or in any of the past three years that exceed the greater of 5% of the recipient’s consolidated gross revenues or $200,000, other than (a) payments arising solely from investments in the Company’s securities or (b) payments under non discretionary charitable contribution matching programs;

(5) the director or an immediate family member of the director is employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or

(6) the director or an immediate family member of the director is a current partner of the Company’s outside auditor, or was a partner or employee of the Company’s outside auditor who worked on the Company’s audit at any time during any of the past three years.

In applying these standards, the Board determined that each of Messrs. Cohen, Dinh, Ford, D. Kennedy, Meister, Perelman, Regan and Schwartz, and Madams Townsend and McDonald, qualify as independent directors, and none has a business or other relationship that would interfere with the director's exercise of independent judgment. In connection with their analysis, the Board considered the fact that the Company has engaged Kirkland & Ellis, LLP, although not Mr. Dinh, who is a partner, at Kirkland & Ellis LLP, on certain legal matters and determined that this existing relationship would not interfere with Mr. Dinh's exercise of independent judgment. Messrs. Sheehan, Isaacs, and Haddrill do not qualify as independent directors.

The full text of the Board's Director Independence Guidelines, including information on the additional independence requirements applicable to Board committee members, can be accessed through the Investors — Corporate Governance link on our website at www.scientificgames.com.

Corporate Governance Guidelines. The Board has adopted Corporate Governance Guidelines that outline the structure, role and functioning of the Board and address various governance matters including director independence, the Board selection process, length of Board service, Board meetings and executive sessions of independent directors, Board and committee performance evaluations and management succession planning. The full text of these guidelines can be accessed through the Investors — Corporate Governance link on our website at www.scientificgames.com.

Board Leadership Structure. As described above, the Board is comprised entirely of independent directors, other than Mr. Sheehan, our President and Chief Executive Officer, Mr. Isaacs, our former President and Chief Executive Officer from 2014 to 2016, and Mr. Haddrill, our former Executive Vice Chairman from 2014 through February 2018. The Audit, Compensation, and Nominating and Corporate Governance Committees are comprised entirely of independent directors. The Executive and Finance Committee is comprised of independent directors and non-independent directors, and the Compliance Committee is comprised of independent directors, a non-independent director and an industry consultant. The Board has the flexibility to select the leadership structure that is most appropriate for the Company and its stockholders and has determined that the Company and its stockholders are best served by not having a formal policy regarding whether the same individual should serve as both Chairman of the Board and Chief Executive Officer. This approach allows the Board to elect the most qualified director as Chairman of the Board, while maintaining the ability to separate the Chairman of the Board and Chief Executive Officer roles when deemed appropriate. The Chairman of the Board and Chief Executive Officer roles are currently held by two different individuals.

Messrs. Cohen, Haddrill and Isaacs serve as Vice Chairmen of the Board, and the Board has also designated Mr. Cohen as the lead independent director. When the positions of Chairman of the Board and Chief Executive Officer are held by the same individual, Mr. Cohen's lead independent director responsibilities include presiding over regularly held executive sessions of independent directors, facilitating communication between the independent directors and the Chief Executive Officer, and coordinating the activities of the independent directors. Mr. Cohen also provides assistance to the Board and the committees of the Board in their evaluations of management's performance, and he carries out other duties that the Board assigns to him from time to time in areas of governance and oversight.

The Executive and Finance Committee, which includes four independent directors (Messrs. Meister, Perelman, Cohen and Schwartz) as well as three non-independent directors (Messrs. Sheehan, Isaacs and Haddrill), meets as needed to support the Board in the performance of its duties between regularly scheduled Board meetings, to implement the policy decisions of the Board and to provide strategic guidance and oversight to the Company.

The Board believes its current leadership structure is appropriate because it effectively allocates authority, responsibility and oversight between management and the independent members of the Board.

Board's Role in Risk Oversight. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing the Company's approach to risk management. The Board exercises these responsibilities on an ongoing basis as part of its meetings and through the Board's committees, each of which examines various components of enterprise risk as part of its responsibilities. An overall review of risk is inherent in the Board's consideration of the Company's strategies and other matters presented to the Board, including financial matters, investments, acquisitions and divestitures. The Board's role in risk oversight is consistent with the Company's leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for managing the Company's risk exposure, and the Board and its committees providing oversight of those efforts.

The Company has implemented internal processes and controls to identify and manage risks and to communicate with the Board regarding risk management. These include an enterprise risk management program, regular internal management meetings that identify risks and discuss risk management, a Code of Business Conduct (the "Code") (and related training), a strong ethics and compliance function that includes suitability reviews of customers, partners, vendors and other persons/entities with which the Company does business, an internal and external audit process, internal approval and signature authority processes and legal department review of contracts. In connection with these processes and controls, management regularly communicates with the Board, Board committees and individual directors regarding identified risks and the management of these risks. Individual directors often communicate directly with senior management on matters relating to risk management. In particular, the Board committee chairmen regularly communicate with members of senior management, including Mr. Sheehan, to discuss potential risks in connection with accounting and audit matters, compensation matters, compliance matters and financing-related matters.

The Board committees, which meet regularly and report to the full Board, play significant roles in carrying out the Board's risk oversight function. In particular, the Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and certain legal matters. The Audit Committee also oversees the internal audit function and regularly meets in private with both the Vice President of Internal Audit (who reports functionally to the Chief Financial Officer and has a direct reporting line to the Audit Committee) and representatives of the Company's independent auditing firm. The Compensation Committee evaluates risks associated with the Company's compensation programs and discusses with management procedures to identify and mitigate such risks. See "Executive Compensation — Compensation Discussion and Analysis — Compensation Program as it Relates to Risk" below. The Compliance Committee is active in overseeing the Company's program with respect to compliance with the laws applicable to the Company's business, including gaming laws, as well as compliance with the Code and related policies by employees, officers, directors and other representatives of the Company. In addition, the Compliance Committee oversees a compliance review process, which is designed to ensure that the vendors, consultants, customers and business partners of the Company are "suitable" or "qualified" as those terms are used by applicable gaming and lottery authorities, and regularly meets separately with the Senior Vice President, Chief Compliance Officer and Corporate Director of Security (who reports functionally to the Chief Executive Officer and has a direct reporting line to the Compliance Committee).

Board Meetings. The Board held a total of eight meetings during 2017, including three at which executive sessions were held with no members of management present. During 2017, all incumbent directors attended at least 75% of the total number of meetings of the Board and committees of the Board on which they served, except for Mr. Dinh, who attended 67% of the total number of meetings he was eligible to attend following his election to the Board in June 2017. Mr. Dinh was excused from one Board meeting and one Nominating and Corporate Governance Committee meeting, both held on the same day in October 2017, due to a death in the family. Excluding this one-day absence, Mr. Dinh attended 100% of the scheduled meetings following his election to the Board.

Board Committees. The Board has five committees: the Audit Committee; the Compensation Committee; the Compliance Committee; the Executive and Finance Committee; and the Nominating and Corporate Governance Committee. All committees are comprised solely of independent directors with the exception of the Executive and Finance Committee, which is comprised of four independent directors as well as Messrs. Sheehan, Haddrill and Isaacs, and the Compliance Committee, which is comprised of three independent directors and Mr. Sheehan, a director and our President and Chief Executive Officer, as well as Patricia Becker, a gaming industry consultant. The Board has approved charters for each Board committee, which can be accessed through the Investors — Corporate Governance link on our website at www.scientificgames.com. The current membership of each committee is as follows:

Audit Committee	Compensation Committee	Compliance Committee	Executive and Finance Committee	Nominating and Corporate Governance Committee
Michael J. Regan (Chair)	Peter A. Cohen (Chair)	Barry F. Schwartz (Chair)	Paul M. Meister (Chair)	Gerald J. Ford (Chair)
Peter A. Cohen	Paul M. Meister	Kevin M. Sheehan	Ronald O. Perelman	Viet D. Dinh
Gerald J. Ford	Barry F. Schwartz	Gabrielle K. McDonald	Kevin M. Sheehan	Michael J. Regan
		Frances F. Townsend	Peter A. Cohen	Frances F. Townsend
		Patricia Becker	Richard M. Haddrill	
			M. Gavin Isaacs	
			Barry F. Schwartz	

Audit Committee. The Audit Committee is responsible for hiring the Company's independent auditor and for overseeing the accounting, auditing and financial reporting processes of the Company. In the course of performing its functions, the Audit Committee reviews, with management and the independent auditor, the Company's internal accounting controls, the financial statements, the report and recommendations of the independent auditor, the scope of the audit, and the qualifications and independence of the auditor. The Audit Committee also oversees the Company's internal audit function. The Board has determined that each member of the Audit Committee is independent under the listing standards of the NASDAQ Stock Market, the independence standards under the Exchange Act, and the Company's Director Independence Guidelines, and that Mr. Regan qualifies as an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K of the rules of the Securities and Exchange Commission (the "SEC"). The Audit Committee held seven meetings during 2017.

Compensation Committee. The Compensation Committee sets the compensation of the President and Chief Executive Officer and other senior executives of the Company, administers the equity incentive plans and executive compensation programs of the Company, determines eligibility for, and awards under, such plans and programs, and makes recommendations to the Board with regard to the adoption of new employee benefit plans and equity incentive plans and with respect to the compensation program for non-employee directors. The Board has determined that each member of the Compensation Committee is independent under the listing standards of the NASDAQ Stock Market. The Compensation Committee held four meetings during 2017.

Compliance Committee. The Compliance Committee is responsible for providing oversight of the Company's program with respect to compliance with laws and regulations applicable to the business of the Company, including gaming and anticorruption laws, and with respect to compliance with the Code by employees, officers, directors and other representatives of the Company. The Compliance Committee held six meetings during 2017.

Executive and Finance Committee. The Executive and Finance Committee has broad authority to act on behalf of the Board in the oversight of the business and affairs of the Company and assists the Board in implementing Board policy decisions as requested by the Board from time to time. The Executive and Finance Committee did not hold any meetings during 2017.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for identifying individuals who are qualified to become directors, recommending nominees for membership on the Board and on committees of the Board, reviewing and recommending corporate governance principles, procedures and practices and overseeing the annual self-assessments of the Board and its committees. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent under the listing standards of the NASDAQ Stock Market. The Nominating and Corporate Governance Committee held five meetings during 2017.

The Nominating and Corporate Governance Committee does not have specific qualifications that must be met by a candidate for director and will consider individuals suggested as candidates by our stockholders in accordance with the provisions contained in our Amended and Restated Bylaws. Each notice of nomination submitted in this manner must contain the information specified in our Amended and Restated Bylaws, including, but not limited to, information with respect to the beneficial ownership

12

of our common stock held by the proposing stockholder and any voting or similar agreement the proposing stockholder has entered into with respect to our common stock. To be timely, the notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the date of the prior year's annual meeting of stockholders. If the annual meeting of stockholders is advanced by more than 30 days, or delayed by more than 60 days, from the anniversary of the preceding year's annual meeting of stockholders, notice by the stockholder, to be timely, must be received no earlier than the 120th day prior to the annual meeting of stockholders and no later than the later of (i) the 90th day prior to the annual meeting of stockholders or (ii) the tenth day following the day on which we publicly announce the date of the annual meeting of stockholders if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting.

Each notice of nomination should include the nominee's qualifications and other relevant biographical information and provide confirmation of the nominee's consent to serve as a director. The Nominating and Corporate Governance Committee will review the candidate's background, experience and abilities, and the contributions the candidate can be expected to make to the collective functioning of the Board and the needs of the Board at the time. In prior years, candidates have been identified through recommendations made by directors, the President and Chief Executive Officer and other third parties. The Nominating and Corporate Governance Committee anticipates that it would use these sources as well as stockholder recommendations to identify candidates in the future.

Stockholder Communications with Directors. Stockholders may communicate with the Board or an individual director by sending a letter to the Board or to a director's attention care of the Corporate Secretary of the Company at Scientific Games Corporation, 6601 Bermuda Road, Las Vegas, NV 89119. The Corporate Secretary will open, log and deliver all such correspondence (other than advertisements, solicitations or communications that contain offensive or abusive content) to directors on a periodic basis, generally in advance of each Board meeting.

Attendance at Stockholders' Meetings. The Company encourages directors to attend the annual stockholders' meeting. Last year, ten of the twelve directors then serving attended the annual meeting.

Compensation Committee Interlocks and Insider Participation. None of the Compensation Committee members (i) has ever been an officer or employee of the Company or (ii) was a participant in a Related Person Transaction (as defined in "Certain Relationships and Related Person Transactions") in 2017. None of the Company's executive officers serves, or in 2017 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Compensation Committee.

Code of Ethics. The Board has adopted a Code of Business Conduct, or the Code, that applies to all of our officers, directors and employees. The Code sets forth fundamental principles of integrity and business ethics and is intended to ensure ethical decision making in the conduct of professional responsibilities. Among the areas addressed by the Code are standards concerning conflicts of interest, confidential information and compliance with laws, regulations and policies. The full text of the Code can be accessed through the Investors — Corporate Governance link on our website at www.scientificgames.com.

Director Compensation

Non-Employee Director Compensation. The compensation program for Eligible Directors (as defined below) consists of annual retainers and equity awards (the "Eligible Director compensation program"). Under the Eligible Director compensation program, in 2017, Eligible Directors were entitled to receive:

(1) an annual retainer for service on the Board of $75,000;

(2) an annual committee retainer (in lieu of fees per committee meeting) of $10,000 ($15,000, in the case of the Audit Committee) for service on a committee (excluding for service on the Executive and Finance Committee);

(3) an annual retainer for the chairs of the Compliance Committee and the Nominating and Corporate Governance Committee of $20,000 (and an annual retainer for the chair of the Audit Committee of $35,000); and

(4) an annual grant of restricted stock units ("RSUs") with a grant date value of $160,000 and a four-year vesting schedule, provided such Eligible Director satisfied the Board's attendance requirement for the prior calendar year, as discussed below.

New Eligible Directors generally receive stock options for 10,000 shares of our common stock (with a four-year vesting schedule) upon joining the Board. For 2017, "Eligible Directors" consisted of all directors other than Messrs. Sheehan, Haddrill and Isaacs and, prior to March 2017 only, Mr. Cohen. Messrs. Sheehan, Haddrill and Isaacs were instead compensated based on their employment or consulting agreement with the Company, as applicable, and, prior to March 2017, Mr. Cohen received the Vice Chairman compensation described below. Mr. Sheehan's compensation is discussed in the section entitled "Executive Compensation".

The elements of the Eligible Director compensation program are evaluated and determined by the Compensation Committee, which takes into account competitive director compensation data provided by Compensation Advisory Partners, LLC, or CAP, for companies in a peer group of comparably sized companies in related industries as well as a general industry group of comparably sized companies. The Compensation Committee uses the comparative data provided by CAP as a general indicator of relevant market conditions, but does not set specific benchmark targets for total director compensation or for individual elements of the Eligible Director compensation program. No changes were made to the Eligible Director compensation program for 2017.

Awards of stock options and RSUs are subject to forfeiture if an Eligible Director leaves the Board prior to the scheduled vesting date for any reason, except that the vesting of such awards would accelerate in full upon an Eligible Director ceasing to serve on the Board due to death or disability.

The number of RSUs awarded in 2017 was determined by dividing the grant date value of $160,000 by the average of the high and low sales price of our common stock on the trading day immediately prior to the grant date and rounding down to the nearest whole number. As a result, 6,219 RSUs were awarded to each Eligible Director in 2017.

Eligible Directors with unexcused absences exceeding 25% of the meetings held by the Board and committees on which they served in the prior year are not eligible to receive an annual award of RSUs except that new Eligible Directors with less than six months of service in the prior year are not subject to such threshold with respect to the first grant made after becoming a director. All Eligible Directors serving at the time of grant (June 2017) satisfied the attendance requirements applicable for the 2017 awards.

Compensation Arrangements with non-Eligible Directors. Prior to March 2017, in lieu of participating in the Eligible Director compensation program set forth above, Mr. Cohen received a retainer of $250,000 per year for his service as a Vice Chairman of the Board and an annual grant of RSUs, with the same value and terms and conditions as the RSUs granted under the Eligible Director compensation program. For the remainder of the year, Mr. Cohen was compensated pursuant to the Eligible Director compensation program, including the 2017 annual grant of RSUs described above but with all cash compensation pro-rated. During 2017, in lieu of participating in the Eligible Director compensation program, Messrs. Isaacs and Haddrill were compensated for their service as Vice Chairman and Executive Vice Chairman, respectively, pursuant to agreements with the Company.

Under Mr. Haddrill's employment agreement, as Executive Vice Chairman, Mr. Haddrill received (i) an annual base salary of $1,500,000 and (ii) a target annual incentive (the "Target Incentive") in an amount determined by the Compensation Committee in accordance with the then applicable annual incentive plan, with the Target Incentive with respect to 2017 being set at $700,000 with a maximum annual incentive opportunity equal to 200% of the Target Incentive. Mr. Haddrill's employment agreement expired on December 31, 2017 and Mr. Haddrill remained employed by the Company at the same salary through February 25, 2018.

In accordance with Mr. Haddrill's employment agreement, following its expiration, Mr. Haddrill and the Company entered into a consulting agreement, effective as of February 26, 2018. Mr. Haddrill's consulting agreement provides that in exchange for certain consulting services, including his continued service as Vice Chairman of the Board, from February 26, 2018 through December 31, 2018, subject to extension upon agreement by Mr. Haddrill and the Company, Mr. Haddrill will receive consulting fees of $125,000 per month, pro-rated for any partial month.

Mr. Isaacs entered into a consulting agreement with the Company, effective January 1, 2017, upon the expiration of his employment agreement on December 31, 2016. Under his consulting agreement, Mr. Isaacs is entitled to a monthly consulting fee of $83,333.33 and certain continued medical benefits in exchange for certain consulting services, including his continued service as Vice Chairman of the Board, through June 30, 2018, subject to extension upon agreement by Mr. Isaacs and the Company. In addition, under the terms of Mr. Isaacs' consulting agreement, any unvested equity awards held by Mr. Isaacs as of the commencement of his consultancy, January 1, 2017, remained outstanding and have continued to vest in accordance with their original vesting schedule, subject to Mr. Isaacs' continued service and achievement of any applicable performance criteria, provided that any such equity awards that remain outstanding on June 30, 2018 will immediately vest as of such date if Mr. Isaacs is still providing services to the Company as of such date, subject to achievement of any applicable performance criteria.

In the event that the Company terminates Mr. Isaacs' consulting agreement prior to June 30, 2018 without cause, Mr. Isaacs would be entitled to receive the monthly consulting fee through June 30, 2018, and Mr. Isaacs' equity awards will be treated as if he had continued providing services to the Company through June 30, 2018.

Director Compensation for 2017. The table below shows the compensation earned by each of our directors for 2017; other than Mr. Sheehan, whose compensation as an executive is reflected in the Summary Compensation Table below.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)[4]	Total ($)
Ronald O. Perelman	75,000[5]	160,015	—	—	—	235,015
Peter A. Cohen	145,833[5]	160,015	—	—	—	305,848
Richard M. Haddrill	1,500,000[6]	—	—	699,300	9,450	2,208,750
M. Gavin Isaacs	1,000,000[7]	—	—	—	3,267	1,003,267
Viet Dinh	42,500[5]	160,015	130,000	—	—	332,515
Gerald J. Ford	110,000[5]	160,015	—	—	—	270,015
David L. Kennedy	75,000[5]	160,015	—	—	—	235,015
Judge Gabrielle K. McDonald	85,000[5]	160,015	—	—	—	245,015
Paul M. Meister	85,000[5]	160,015	—	—	—	245,015
Michael J. Regan	120,000[5]	160,015	—	—	—	280,015
Barry F. Schwartz	105,000[5]	160,015	—	—	—	265,015
Frances F. Townsend	95,000[5]	160,015	—	—	—	255,015

(1) Reflects the grant date fair value of RSUs awarded during 2017 to all Eligible Directors and Mr. Cohen, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation ("FASB ASC Topic 718"). The grant date fair value of the RSUs was determined by multiplying the number of shares subject to the award by the average of the high and low sales prices of our common stock on the trading day immediately prior to the grant date. For additional information, see Note 18 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended

December 31, 2017.

(2) Reflects the grant date fair value of stock options awarded to Mr. Dinh in connection with his appointment to the Board during 2017, computed in accordance with FASB ASC Topic 718. The fair value of the stock options is estimated on the date of grant using the Black-Scholes option pricing model. For a discussion of valuation assumptions, see Note 18 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.
(3) Reflects Mr. Haddrill’s incentive bonus payment under his employment agreement described above.
(4) Reflects Company contributions to the Company’s 401(k) plan for Messrs. Haddrill and Isaacs.
(5) Reflects annual retainers earned by Eligible Directors for 2017, except, in the case of Mr. Cohen, reflects a pro-rated annual cash retainer for his service as a Vice Chairman for January and February 2017 and the pro-rated Eligible Director compensation program for the remainder of the year, as described above, and, in the case of Mr. Dinh, reflects the pro-rated Eligible Director compensation program following his appointment to the Board in June 2017.
(6) Reflects Ms. Haddrill's base salary paid under his employment agreement described above.
(7) Reflects fees paid to Mr. Isaacs under his consulting agreement described above.

The table below shows the number of stock options and unvested RSUs held by each of our directors as of December 31, 2017; except for Mr. Sheehan, whose stock options and unvested RSUs are reflected in the Outstanding Equity Awards at Fiscal Year-End Table below:

Name	Stock Options	RSUs
	(in shares)	
Ronald O. Perelman	—	27,698(1)
Peter A. Cohen	—	27,698(1)
Richard M. Haddrill	—	233,840(2)
M. Gavin Isaacs	452,660(3)	257,037(3)
Viet Dinh	10,000(4)	6,219(1)
Gerald J. Ford	—	27,698(1)
David L. Kennedy	—	24,203(1)
Judge Gabrielle K. McDonald	10,000(4)	24,203(1)
Paul M. Meister	10,000(4)	27,698(1)
Michael J. Regan	—	27,698(1)

Barry F. Schwartz	—	27,698[(1)]
Frances F. Townsend	—	27,698[(1)]

(1) Reflects, for Eligible Directors on the applicable grant date, RSUs as described in more detail below:

Grant Date	Unvested Quantity	Vesting Schedule
June 11, 2014	3,495	Four-year vesting; 3,495 shares to vest on June 11, 2018
June 10, 2015	4,969	Four-year vesting; 2,484 and 2,485 shares to vest on June 10, 2018 and 2019, respectively
June 15, 2016	13,015	Four-year vesting; 4,338, 4,338 and 4,339 shares to vest on June 15, 2018, 2019 and 2020, respectively
June 19, 2017	6,219	Four-year vesting; 1,554, 1,555, 1,555 and 1,555 shares to vest on June 19, 2018, 2019, 2020 and 2021, respectively

(2) For Mr. Haddrill, reflects (i) 226,244 performance-conditioned RSUs (at target level) that were granted on January 5, 2015 and vested on March 15, 2018, subject to the achievement of certain performance criteria (which vested on March 15, 2018 at the target level), and (ii) one quarter of an award of RSUs (7,596 RSUs) granted on December 8, 2014 (which vested on March 22, 2018 following termination of Mr. Haddrill's employment with the Company).

(3) For Mr. Isaacs, reflects stock options and RSUs, as described in more detail below:

Grant Type	Grant Date	Unvested Quantity	Exercise Price	Vesting Schedule
Stock Options	June 9, 2014	40,296		