SCIENTIFIC GAMES CORP
Form DEF 14A
April 30, 2015

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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 ý

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))**

ý 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):

ý No fee required.

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April 30, 2015

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 10, 2015, at Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York.

At the meeting, we will be electing 11 members of our Board of Directors. We will also be considering an amendment and restatement of, and re-approval of certain material provisions of, our 2003 Incentive Compensation Plan and ratification of 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,

M. Gavin Isaacs
President and Chief Executive Officer

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SCIENTIFIC GAMES CORPORATION
6650 S. El Camino Road
Las Vegas, NV 89118

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 10, 2015, at Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York, for the following purposes:

1. To elect 11 members of the Board of Directors to serve for the ensuing year and until their respective successors are duly elected and qualified.

2. To approve an Amended and Restated 2003 Incentive Compensation Plan and to re-approve certain material provisions of such plan.

3. To ratify the appointment of Deloitte & Touche LLP as independent auditor for the fiscal year ending December 31, 2015.

4. 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 15, 2015 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 6650 S. El Camino Road, Las Vegas, NV 89118 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) 897-7150.

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 for additional details).

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 10, 2015:

The Proxy Statement and 2014 Annual Report will be available on or about April 30, 2015 through the Investors link on our website at *www.scientificgames.com* or through *www.proxyvote.com.*

By Order of the Board of Directors

Scott Schweinfurth
Executive Vice President, Chief Financial Officer

and Corporate Secretary

Dated: April 30, 2015

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SCIENTIFIC GAMES CORPORATION
6650 S. El Camino Road
Las Vegas, NV 89118

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 10, 2015, at Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York, and any adjournment or postponement of the meeting, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

Notice and Access to Proxy Materials

We expect our proxy materials, including this Proxy Statement and our 2014 Annual Report, to be made available to stockholders on or about April 30, 2015 through the Investors link on our website at *www.scientificgames.com* or through *www.proxyvote.com.* In accordance with the rules of the Securities and Exchange Commission ("SEC"), most stockholders will not receive printed copies of these proxy materials unless they request them. Instead, most stockholders will receive by mail a "Notice of Internet Availability of Proxy Materials" that contains instructions as to how they can view our materials online, how they can request copies be sent to them by mail or electronically by email and how they can vote online (the "Notice").

Stockholders Entitled to Vote

All stockholders of record at the close of business on April 15, 2015 are entitled to vote at the meeting. At the close of business on April 15, 2015, 85,818,900 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 by following the instructions provided in the Notice, or, if you receive printed proxy materials, you can also vote 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 Notice or 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.

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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 eleven (11) 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 of amendment and restatement of, and re-approval of certain material provisions of, the Amended and Restated 2003 Incentive Compensation Plan (page 59) The Compensation Committee and the Board have adopted a proposal, subject to stockholder approval, to consolidate the share pools under the Company's Amended and Restated 2003 Incentive Compensation Plan (the "2003 Plan") and amend the Company's 2003 Incentive Compensation Plan to eliminate legacy provisions related to the legacy Bally Technologies, Inc. ("Bally") equity plan. In connection with the Company's acquisition of Bally, certain shares from the Bally equity plan were converted to Company shares under the Company's equity plan, with such converted shares subject to legacy Bally terms and conditions. The consolidation of the share pools and application of uniform plan terms and conditions for legacy Bally and legacy Scientific Games participants under the proposed amendment would, among other things, facilitate the administration of consistent equity compensation programs across the combined company. Re-approval of certain material provisions of the 2003 Plan would permit the Company to continue to have the ability to grant awards to the Company's named executive officers that will be tax deductible. The proposed amendment and restatement and re-approval would not increase the aggregate number of shares available for issuance under the 2003 Plan.	FOR
Proposal 3: Ratification of the Appointment of Deloitte & Touche LLP ("Deloitte") as Independent Auditor (page 74) The Audit Committee has appointed Deloitte to serve as our independent auditor for the fiscal year ending December 31, 2015. As a matter of good corporate governance, stockholders are being asked to ratify the Audit Committee's appointment of Deloitte.	FOR

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, of the holders of a majority of the shares entitled to vote at the meeting constitutes a quorum for the transaction of business.

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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.

The proposals to approve the amendment and restatement of, and re-approval of certain material terms of, the 2003 Plan (Proposal 2) and to ratify the appointment of our independent auditor (Proposal 3) require 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 through 3).

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 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) or approval of the amendment and restatement of, and re-approval of certain material terms of, the 2003 Plan (Proposal 2) 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 3) and, accordingly, your shares may be voted by your broker or nominee on Proposal 3 without your instructions.

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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 to the Board the eleven (11) persons named below to serve for a one-year term 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 and each of the nominees was previously elected to the Board by our stockholders, other than Mr. Isaacs who joined the Board in June 2014, and Judge McDonald and Mr. Haddrill, who joined the Board in October 2014 and December 2014, respectively. Three of the nominees (Messrs. Perelman 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, 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	72	Director (Chairman)	2003
M. Gavin Isaacs	50	Director (President and Chief Executive Officer)	2014
Richard Haddrill	61	Director (Executive Vice Chairman)	2014
Peter A. Cohen	68	Director (Vice Chairman)	2000
David L. Kennedy	68	Director (Vice Chairman)	2009
Gerald J. Ford	70	Director	2005
Judge Gabrielle K. McDonald	73	Director	2014
Paul M. Meister	62	Director	2012
Michael J. Regan	73	Director	2006
Barry F. Schwartz	66	Director	2003
Frances F. Townsend	53	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 Consumer Products Corporation and Revlon, Inc. During the past five years, Mr. Perelman has also served as Chairman of the Board of M & F Worldwide Corp.

M. Gavin Isaacs was appointed to the position of President and Chief Executive Officer of the Company in June 2014. Mr. Isaacs is an accomplished gaming industry executive with more than 15 years

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of leadership experience. Most recently, he served as Chief Executive Officer of SHFL entertainment, Inc. from April 2011 through November 2013 when the company was acquired by Bally Technologies, Inc. Prior to joining SHFL entertainment, Inc., Mr. Isaacs served as Executive Vice President and Chief Operating Officer of Bally Technologies, Inc. from 2006 through 2011. Prior to joining Bally Technologies, Inc., 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 and the President of the International Association of Gaming Advisors, and currently is a member of the Board of Directors of the American Gaming Association.

Richard Haddrill was appointed Executive Vice Chairman of the Board and as a member of the Board's Executive and Finance Committee in December 2014. Prior to joining the Board, Mr. Haddrill served as Bally Technologies, Inc.'s Chief Executive Officer from 2004 to 2012 and from May 2014 until the Company's acquisition of Bally in November 2014. He served on Bally's Board of Directors from 2003 until the acquisition, including serving as Chairman of the Board from 2012 to 2014. Prior to becoming Bally's Chief Executive Officer, 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 is Chairman of the Board of Directors of Corrective Education Company, a company involved in providing training and education alternatives to judicial prosecution. In addition, he is a member of the Board of Directors of The Smith Center for the Performing Arts in Las Vegas.

Peter A. Cohen has served as Vice Chairman of the Board since September 2004. Mr. Cohen is Chairman and Chief Executive Officer of Cowen Group, Inc., a diversified financial services company. 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 also serves as a member of the Board of Directors of Chart Acquisition Corp. 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.

David L. Kennedy was the President and Chief Executive Officer of the Company from November 2013 to June 2014 and served as Executive Vice Chairman from June 2014 to August 2014 after which time he was no longer an employee of the Company but continued to serve on the Board as Vice Chairman, in a non-executive capacity. Mr. D. Kennedy serves as a Vice Chairman of the Board, a position he has held since October 2009. Mr. D. Kennedy served as an executive of the Company from November 2010 until March 2012, including as Chief Administrative Officer from April 2011 until March 2012. Mr. D. Kennedy also serves as Vice Chairman of the Board of Revlon, Inc. and is a director of Revlon Consumer Products Corporation. Mr. D. Kennedy is Senior Executive Vice President of MacAndrews & Forbes Incorporated and has held senior executive positions with Revlon, Inc. and The Coca-Cola Company and affiliates during his 40-year business career.

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 30 years. Mr. Ford was Chairman of the Board and Chief Executive Officer of Golden State Bancorp Inc. from September 1998 until its merger with Citigroup Inc. in November 2002. Mr. Ford is Chairman of Hilltop Holdings, Inc. and a member of the Board of Directors of Freeport-McMoRan Inc. and SWS Group, Inc. During the past five years, Mr. Ford has also served as Chairman of the Boards of First Acceptance Corporation and Pacific Capital Bancorp and as a director of McMoRan Exploration Company.

Judge Gabrielle K. McDonald, a former U.S. District Court judge, has been the Special Counsel on Human Rights to Freeport-McMoRan Inc., a leading international natural resources company, since 1999.

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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 Board of Directors of the American Arbitration Association. During the past five years, Judge McDonald has also served as a director of Freeport-McMoRan Inc.

Paul M. Meister is President of MacAndrews & Forbes Incorporated. He is also Co-Founder of Liberty Lane Partners, a private investment company with investments in healthcare, technology, and distribution-related industries, and Perspecta Trust, a trust company that provides trust and investment services. Mr. Meister previously served as Chairman and Chief Executive Officer of inVentiv Health, a leading provider of commercial, consulting and clinical research services to the pharmaceutical and biotech industries. He formerly was Chairman of the Board of Thermo Fisher Scientific Inc., a provider of products and services to businesses and institutions in the field of science, which was formed by the merger of Fisher Scientific International Inc. and Thermo Electron Corporation in November 2006. Mr. Meister was Vice Chairman of Fisher Scientific International, Inc. from 2001 to 2006, and served as its Chief Financial Officer from 1991 to 2001. Fisher Scientific International Inc. provided products and services to research, healthcare, industrial, educational and government markets. Mr. Meister is a member of the Board of Director of Quanterix Corporation, a developer of ground-breaking tools in high definition diagnostics, and inVentiv Health. Mr. Meister is Co-Chair of the University of Michigan's Life Sciences Institute External Advisory Board and serves on the Executive Advisory Board of the Chemistry of Life Processes Institute at Northwestern University. Mr. Meister is a member of the Board of Directors of LKQ Corporation, Inc. During the past five years, Mr. Meister has also served as a member of the Board of Directors of M & F Worldwide Corp.

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 is a member of the Board of Directors of Lifetime Brands, Inc. During the past five years, Mr. Regan has also served as a member of the Board of Directors of Citadel Broadcasting Corporation and DynaVox Inc.

Barry F. Schwartz has been Executive Vice Chairman and Chief Administrative Officer of MacAndrews & Forbes Incorporated and various affiliates since October 2007. 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 is a director of Revlon Inc. and Revlon Consumer Products Corporation. During the past five years, Mr. Schwartz has also served as a director of Harland Clarke Holdings Corp. and M & F Worldwide Corp.

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 is a director of The Western Union Company and Freeport-McMoRan Inc.

Designees of MacAndrews & Forbes Incorporated

Messrs. Perelman 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

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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 39.92% 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 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 (Messrs. Isaacs, Haddrill and a number of our other long-serving directors), global operations (all directors), technology (Messrs. Isaacs, Haddrill, D. Kennedy and Meister), consumer products and marketing (Messrs. Isaacs, Haddrill, D. Kennedy, Perelman and Schwartz), legal and regulatory (Messrs. Isaacs and Schwartz and Madams Townsend and McDonald), investment and financial services (Messrs. Cohen, Ford, D. Kennedy, Meister, Perelman and Schwartz) and public accounting (Mr. Regan),

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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. Isaacs, Haddrill, D. Kennedy, Cohen, Ford, Meister, Perelman 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 (Ms. McDonald). Ms. Townsend has 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. 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 ELEVEN (11) 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
Eight 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 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;

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(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, Ford, 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. Messrs. Isaacs, Haddrill and D. Kennedy 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 Corporate Governance link in the Investors section of our website at *www.scientificgames.com*.

Board Leadership Structure. As described above, the Board is comprised entirely of independent directors, other than Mr. Isaacs, our President and Chief Executive Officer, Mr. D. Kennedy, our former President and Chief Executive Officer during 2014, and Mr. Haddrill, our Executive Vice Chairman. 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 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 and Kennedy serve as Vice Chairmen of the Board and Mr. Haddrill serves as Executive Vice Chairman 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.

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The Executive and Finance Committee, which includes two independent directors (Messrs. Cohen and Perelman) as well as Messrs. Isaacs, Haddrill and D. Kennedy, meets regularly 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 (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. Isaacs, 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 our Code of Business Conduct 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 14 meetings during 2014, including 4 at which executive sessions were held with no members of management present. During 2014, all incumbent directors

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attended at least 75% of the total number of meetings of the Board and committees of the Board on which they served.

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 two independent directors as well as Messrs. Isaacs, Haddrill and D. Kennedy, and the Compliance Committee, which is comprised of four independent directors as well as Patricia Becker, a gaming industry consultant. Debra G. Perelman, who is a member of the Board and Compliance Committee, has decided to not stand for reelection. Ms. Perelman's directorship will expire on June 10, 2015, at which time she will no longer be a member of the Board or the Compliance Committee. Ms. Perelman's decision is not in connection with any disagreement with the Company on any matter relating to operations, policies or practices. 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)	Peter A. Cohen (Chair)	Gerald J. Ford (Chair)
Peter A. Cohen	Paul M. Meister	Gabrielle K. McDonald	Ronald O. Perelman	Michael J. Regan
Gerald J. Ford	Barry F. Schwartz	Debra G. Perelman	M. Gavin Isaacs	Frances F. Townsend
		Frances F. Townsend	Richard Haddrill	
		Patricia Becker	David L. Kennedy	

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 and that Mr. Regan qualifies as an "audit committee financial expert" under the rules of the SEC. The Audit Committee held 6 meetings during 2014.

Compensation Committee. The Compensation Committee sets the compensation of the 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 8 meetings during 2014.

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 of Business Conduct by employees, officers, directors and other representatives of the Company. The Board has determined that each director member of the Compliance Committee is independent under the listing standards of the NASDAQ Stock Market. The Compliance Committee held 5 meetings during 2014.

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 between regular meetings of the Board and assists the Board in implementing Board policy decisions. The Executive and Finance Committee held 8 meetings during 2014.

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-assessment 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 7 meetings during 2014.

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 stockholders. A stockholder wishing to propose a nominee for director should submit a recommendation in writing to the Company's Corporate Secretary at least 120 days before the anniversary of the mailing date of the proxy materials applicable to the prior year's annual meeting, indicating the nominee's qualifications and other relevant biographical information and providing 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 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, 6650 S. El Camino Road, Las Vegas, NV 89118. 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, four of the nine directors then serving attended the annual meeting.

Code of Ethics. The Board has adopted a Code of Business Conduct 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 Corporate Governance link in the Investors section of our website at *www.scientificgames.com*.

Director Compensation

Non-Employee Director Compensation. The compensation program for non-employee directors consists of annual retainers and equity awards. Under the director compensation program currently in effect non-employee directors are eligible to receive:

(1) an annual retainer for service by non-employee directors on the Board of $75,000;

(2) an annual committee retainer (in lieu of fees per committee meeting) of $10,000 (or $15,000, in the case of the Audit Committee) per committee;

(3) annual retainers for committee chairs of $20,000 (or, in case of the chair of the Audit Committee, $35,000); and

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(4) annual grants of restricted stock units ("RSUs") to eligible non-employee directors with a grant date value of $160,000 and a four-year vesting schedule.

Mr. Cohen will continue to receive $250,000 for his service as a Vice Chairman of the Board without any additional retainers for his service as Chairman of the Executive and Finance Committee or Chairman of the Compensation Committee. New non-employee directors will continue to receive stock options for 10,000 shares (with a four-year vesting schedule) upon joining the Board. Directors who are employed by the Company do not receive any additional compensation in connection with their services as directors.

The Compensation Committee established the director compensation program described above for 2014 following a review in 2013 of competitive director compensation data provided by Compensation Advisory Partners, LLC ("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 used the comparative data provided by CAP as a general indicator of relevant market conditions, but did not set specific benchmark targets for total director compensation or for individual elements of the director compensation program.

Awards of stock options and RSUs are subject to forfeiture if a 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 a director ceasing to serve on the Board due to death or disability.

For 2014, each non-employee director was eligible to receive an annual award of RSUs having a grant date value of $160,000 and a four-year vesting schedule, provided such director satisfied the Board's attendance requirements for the prior calendar year, as discussed below. In light of the trading price of the Company's stock and the limited availability of shares under the Company's equity incentive plans, for the fourth consecutive year, the grant date value of the annual award of RSUs to non-employee directors was discounted by approximately 10% relative to the "target" grant date value. Accordingly, the number of RSUs awarded in 2014 was determined by discounting the "target" grant date value of $160,000 by 10% (i.e., $144,000) and dividing such value by the average of the high and low sales price of our common stock on the trading day immediately prior to the grant date ($10.30) and rounding down to the nearest whole number. As a result, 13,980 RSUs were awarded to each non-employee director for 2014, provided the non-employee director satisfied the Board's attendance requirement for 2013.

Only non-employee directors who have attended at least 75% of the total number of meetings held by the Board and committees on which they served in the prior year are eligible to receive an annual award of RSUs, except that a new director with less than six months of service in the prior year is not subject to such threshold with respect to the first grant made after becoming a director. All non-employee directors serving at the time of grant (June 2014) satisfied the attendance requirements applicable for the 2014 awards.

Haddrill Employment Agreement. On December 8, 2014, the Company entered into an employment agreement with Mr. Haddrill in connection with his appointment as Executive Vice Chairman of the Board. The term of Mr. Haddrill's employment agreement is scheduled to expire on December 31, 2017, subject to automatic one-year extensions at the end of the term and each succeeding annual anniversary thereafter unless timely notice of non-renewal is given.

Under the agreement, Mr. Haddrill receives an annual base salary of $1,500,000 and on December 8, 2014, received a sign-on equity award of 30,384 RSUs, which are scheduled to vest over four years. In addition, on January 1, 2015, Mr. Haddrill received an award of performance-conditioned RSUs with a grant date value of $4,500,000 at "target" opportunity, with 50% of such RSUs subject to vesting after three years if certain financial criteria are met and 50% of such RSUs subject to annual vesting if certain strategic and business goals are met and if Mr. Haddrill continues in the employment of the Company during the applicable period.

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If Mr. Haddrill's employment is terminated by the Company without "cause" or by Mr. Haddrill for "good reason" (as such terms are defined in his employment agreement), he would then be entitled to receive: (1) an amount equal to his base salary payable in accordance with the Company's normal payroll practices over a period of twelve (12) months; (2) continued vesting of his sign-on RSUs in accordance with their original vesting schedule for a period of 12 months following termination; and (3) payment of COBRA premiums for 12 months if Mr. Haddrill elects to continue medical coverage under the Company's group health plan in accordance with COBRA. Mr. Haddrill would also be eligible for a pro rata payout with respect to his performance-conditioned RSUs if his employment is terminated without cause during the relevant performance period.

In the event of Mr. Haddrill's death, his beneficiary or estate would be entitled to receive any benefits that may be payable under any life insurance benefit of Mr. Haddrill for which the Company pays premiums and full vesting of the sign-on RSUs. In the event Mr. Haddrill is terminated due to his "total disability" (as such term is defined in the agreement), he would be eligible to receive disability payments under the Company's disability plans and full vesting of the sign-on RSUs. Mr. Haddrill's agreement also contains, among other things, covenants imposing on him certain obligations with respect to confidentiality and proprietary information, and restricting his ability to engage in certain activities in competition with the Company during his employment and for a period of 12 months after termination of his employment for any reason.

The table below shows the compensation earned by our directors for 2014; provided that, the compensation for Mr. Isaacs and the compensation for Mr. D. Kennedy for the period relating to his employment with the Company in 2014 are reflected in the Summary Compensation Table below.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
Peter A. Cohen	325,000	143,994			468,994
Gerald J. Ford	105,833	143,994			249,827
Richard Haddrill(5)	134,615	449,987		3,612	588,214
David L. Kennedy(6)	31,250				31,250
Gabrielle K. McDonald(7)	14,167		51,058		65,225
Paul M. Meister	97,500	143,994			241,494
Debra G. Perelman(8)	55,833	143,994	67,916		267,743
Ronald O. Perelman	75,000	143,994			218,994
Michael J. Regan	120,000	143,994			263,994
Barry F. Schwartz	105,000	143,994			248,994
Frances F. Townsend	107,500	143,994			251,494

(1) Reflects annual retainers earned by directors for 2014, other than in the case of Mr. Haddrill. For Mr. Haddrill, reflects his base salary earned in 2014 under his employment agreement described above.

(2) Reflects the grant date fair value of RSUs awarded during 2014, 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 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, 2014. As discussed above, for directors who received a grant of RSUs in June 2014 as part of the compensation program for non-employee directors, this grant date fair value reflects a 10% discount relative to the "target" value of $160,000. Judge McDonald did not receive any RSUs in 2014, because she did not become a director until October 30, 2014. Mr. D. Kennedy did not receive any RSUs in 2014 related to his service as a director, because he was still an employee of the Company at the time grants were made.

(3) Reflects the grant date fair value of stock options awarded to Judge McDonald and Ms. Perelman in connection with their appointment to the Board during 2014, computed in accordance with Financial Accounting Standards Board Accounting

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Standards Codification Topic 718, Compensation Stock Compensation ("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, 2014.

(4) Reflects the tax gross-up for imputed income associated with Mr. Haddrill's attendance of the Company's Sales Club meeting.

(5) Mr. Haddrill was elected Executive Vice Chairman of the Board on December 8, 2014.

(6) Reflects compensation earned by Mr. D. Kennedy in his capacity as a non-employee director in 2014 (which was pro-rated from the date he ceased serving as Executive Vice Chairman of the Board in August 2014). Mr. D. Kennedy's compensation related to his service as an executive is reflected in the Summary Compensation Table below.

(7) Judge McDonald joined the Board on October 30, 2014.

(8) Ms. Perelman joined the Board on April 23, 2014.

The table below shows the number of stock options and unvested RSUs held by each of our directors, other than Mr. Isaacs, as of December 31, 2014.

Name	Stock Options (in shares)(1)	5-Year Vesting RSUs(2)(3)	4-Year Vesting RSUs(2)(4)	Total RSUs
Peter A. Cohen		747	26,247	26,994
Gerald J. Ford		747	26,247	26,994
Richard Haddrill			30,384	30,384
David L. Kennedy	113,470	747	129,783	130,530
Gabrielle K. McDonald	10,000			
Paul M. Meister	10,000		23,896	23,896
Debra G. Perelman	10,000		13,980	13,980
Ronald O. Perelman		747	26,247	26,994
Michael J. Regan		747	26,247	26,994
Barry F. Schwartz		747	26,247	26,994
Frances F. Townsend			26,247	26,247

(1) Reflects stock options granted to Judge McDonald, Mr. Meister and Ms. Perelman on October 30, 2014, March 20, 2012, and April 23, 2014, respectively, upon the applicable directors' joining the Board, each with a four-year vesting schedule and an exercise price of $9.65, $11.10 and $12.38, respectively. The first three installments of Mr. Meister's stock options vested and became exercisable on the first, second and third anniversaries of the date of grant and the balance of which is scheduled to vest and become exercisable in one installment on the fourth anniversary of the date of grant.

(2) In April 2013, Messrs. Cohen, Ford, D. Kennedy, Perelman, Regan and Schwartz entered into amendments to RSU awards granted prior to June 7, 2011, with such amendments pertaining to the treatment of such RSUs in the event of a change in control. On May 13, 2014, a qualifying change in control was triggered when the Company's largest shareholder, MacAndrews & Forbes Incorporated, acquired shares of Class A common stock resulting in ownership exceeding 40% of such outstanding shares. Pursuant to these amendments, outstanding RSUs granted prior to June 7, 2011 were treated as follows: (a) one-half vested and were distributed immediately upon the change in control, and (b) one-half were subject to a transfer restriction, lapsing upon the earlier of the original vesting date or the director's termination as a result of death or disability and forfeited if the director terminated for any reason other than death or disability prior to the original vesting date.

(3) Reflects, for non-employee directors who were serving as such on the applicable grant date, one-tenth of an award of RSUs granted on January 4, 2010 (747 RSUs, which were subject to transfer restrictions until January 4, 2015 per footnote (2), and are shown as unvested in the table above, which provides information as of December 31, 2014).

(4) Reflects, for non-employee directors who were serving as such on the applicable grant date, as applicable, (a) one-fourth of an award of RSUs granted on September 7, 2011 (2,351 RSUs, which vested on January 3, 2015 but are shown as unvested in the table above, which provides information as of December 31, 2014), (b) one-half of an award of RSUs granted on June 5, 2012 (4,748 RSUs, which are scheduled to vest in two equal annual installments on each of June 5, 2015 and 2016), (c) three-fourths of an award of RSUs granted on June 4, 2013 (5,175 RSUs, which are scheduled to

vest in three equal installments on each of June 4, 2015, 2016 and 2017), and (d) 13,980 RSUs granted on June 11, 2014 (which are scheduled to vest in four equal annual installments beginning on June 11, 2015). For Mr. Haddrill, reflects his sign-on RSUs granted on December 8, 2014 (which are scheduled to vest in four equal annual installments beginning on December 8, 2015). For Mr. D. Kennedy, includes one-eighth of an award of RSUs granted on March 22, 2011 (7,367 RSUs, which were subject to transfer restrictions until March 22, 2015

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per footnote (2), and are shown as unvested in the table above, which provides information as of December 31, 2014) and three-fourths of an award of RSUs granted on December 8, 2013 (112,500 RSUs, which are scheduled to vest in three equal annual installments on each of November 18, 2015, 2016 and 2017).

Director Stock Ownership Guidelines

The stock ownership guidelines are intended to align the financial interests of our non-employee directors with the interests of our stockholders. Under the guidelines, non-employee directors are required to own shares of our common stock with a market value equal to the lesser of five times the director's annual retainer for Board service and 15,000 shares. Shares of our common stock held directly or indirectly, including shares acquired upon the exercise of stock options, shares held within retirement and deferred compensation plans, time-vesting RSUs and shares owned by immediate family members will count for purposes of the poli