

SCIENTIFIC GAMES CORP
Form 8-K
May 08, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **May 7, 2009**

SCIENTIFIC GAMES CORPORATION

(Exact name of registrant as specified in its charter)

0-13063

(Commission File Number)

Delaware
(State or other jurisdiction
of incorporation)

81-0422894
(IRS Employer
Identification No.)

750 Lexington Avenue, 25th Floor, New York, New York 10022

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(212) 754-2233**

Not Applicable

(Former name or former address, if changed since last report)

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

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

Item 2.02. Results of Operations and Financial Condition.

The information contained in this Current Report is being furnished under Item 2.02. As such, the information contained herein shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On May 7, 2009, Scientific Games Corporation (the Company) issued a press release announcing, among other things, results for the three months ended March 31, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The Company's press release, in addition to containing results that are determined in accordance with accounting principles generally accepted in the United States of America (GAAP), contains the Company's EBITDA results, which are non-GAAP earnings results that exclude certain items. EBITDA, as included in the press release, represents net income plus income tax expense, interest expense, and depreciation and amortization expenses, net of other income. EBITDA is included in the press release as it is a basis upon which the Company assesses its financial performance, and it provides useful information regarding the Company's ability to service its debt. In addition, EBITDA is useful to investors in evaluating the Company's financial performance because it is a commonly used financial analysis tool for measuring and comparing gaming companies in several areas of liquidity, operating performance and leverage. EBITDA should not be considered in isolation or as an alternative to net income, cash flows from operations, or other consolidated income or cash flow data prepared in accordance with GAAP as measures of the Company's profitability or liquidity. A table reconciling GAAP net income to adjusted EBITDA is included in the condensed consolidated financial statement data included in the Company's press release. Also included in the Company's press release is certain net income information presented on a non-GAAP adjusted basis to indicate the effect of certain items noted in the press release.

Free cash flow, as included in the press release, represents net cash provided by operations less capital expenditures, wagering systems expenditures and other intangible assets and software expenditures. Free cash flow is included in the press release as it is a basis upon which the Company evaluates its liquidity, ability to service its debt and fund capital expenditures. A table reconciling free cash flow to net cash provided by operations is included in the condensed consolidated financial statement data included in the Company's press release.

EBITDA, adjusted EBITDA, non-GAAP adjusted net income, diluted non-GAAP adjusted net income per share and free cash flow are non-GAAP financial measures that are presented as supplemental disclosures and are reconciled to the nearest comparable GAAP measures in financial schedules accompanying the Company's press release. In calculating the

adjusted financial measures, the Company excludes certain items in order to better facilitate an understanding of the Company's operating performance.

The Company's management uses these adjusted financial measures in conjunction with GAAP financial measures to monitor and evaluate the performance of the Company's business operations; facilitate management's internal comparisons of the Company's historical operating performance of its business operations; facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; review and assess the operating performance of the Company's management team and as a measure in evaluating employee compensation and bonuses; analyze and evaluate financial and strategic planning decisions regarding future operating investments; and plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

The Company's management believes that these adjusted financial measures are useful to investors to provide them with disclosures of the Company's operating results on the same basis as that used by the Company's management. The Company's management also believes that because it has historically provided such adjusted non-GAAP financial measures (other than free cash flow) in its earnings releases, continuing to do so provides consistency in its financial reporting and continuity to investors for comparability purposes. Accordingly, the Company's management believes that the presentation of the adjusted non-GAAP financial measures, when used in conjunction with GAAP financial measures, provides both management and investors with financial information that can be useful in assessing the Company's financial condition and operating performance.

The adjusted financial measures should not be considered in isolation of, as a substitute for or superior to the financial information prepared in accordance with GAAP. The adjusted financial measures as defined in the press release may differ from similarly titled measures presented by other companies. The adjusted financial measures, as well as other information in the press release, should be read in conjunction with the Company's financial statements filed with the Securities and Exchange Commission.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|-------------|---|
| 99.1 | Press Release of Scientific Games Corporation, dated May 7, 2009. |

SIGNATURES

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

SCIENTIFIC GAMES CORPORATION

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| By: | /s/ Stephen L. Gibbs |
| Name: | Stephen L. Gibbs |
| Title: | Vice President, Chief Accounting Officer and Corporate Controller |

Date: May 7, 2009

Exhibit Index

| Exhibit No. | Description |
|--------------------|---|
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